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PUBLISHED IN LONDON AND FRANKFURT
No. 28,893
Wednesday October 6 1982
***30p

IDC
Design, Construction & Engineering Service
Stratford-upon-Avon A288

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 12; BELGIUM Fr. 36; DENMARK Kr. 7.00; FRANCE Fr. 5.00; GERMANY DM 2.00; ITALY L. 1.100; NETHERLANDS Fl. 2.25; NORWAY Kr. 6.00; PORTUGAL Esc. 60; SWEDEN Kr. 10.00; SWITZERLAND Fr. 2.00; IRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

BP to slash tanker fleet
BP Shipping is to reduce its tanker fleet of 45 ships by 16, with a resulting loss of 1,300 jobs. The ships will be sold or scrapped by early 1983. The company—a division of British Petroleum—would not name them, as crews have not yet been told. It blamed the cuts on overcapacity in the world tanker market and the shift in oil supplies away from using tankers from the Gulf. Back Page

Nurses' pay hint
The Government signalled that it would improve the pay offer to nurses in return for agreement on its two-year pay deal. Back Page

Fagan committed
Michael Fagan was committed to a mental hospital after pleading guilty to taking a car. He was last month acquitted of stealing from Buckingham Palace. Back Page

Footballers freed
Southampton footballers Steve Moran and Mark Wright went free when a court in Norrköping, Sweden, dismissed charges of attempted rape. Back Page

Soviet mystery
Polish member Andrei Kirilenko's signature was absent from an official obituary, deepening uncertainty about Soviet leadership. Page 2

Haughey fight
Two Cabinet colleagues of Irish Premier Charles Haughey have withheld support for him in the motion of no confidence before the Fianna Fail party today. Page 3

Glomp trip off
Polish Archbishop Jozef Glomp has called off a trip to Rome and postponed one to North America because of conditions in Poland. Page 3

Security talks
West Germany and France are to hold regular talks on issues of European security—the new Bonn Government's first foreign policy decision. Page 3

Hijackers jailed
Two Iranian NCOs who hijacked an air force plane to the United Arab Emirates on Sunday were jailed after returning with the aircraft to Iran. Page 3

Housing plan
Housing Minister John Stanley announced plans to let more council tenants buy their own homes. Page 14

Gold for Daley
Daley Thompson (England) retained his Commonwealth Games decathlon title in Brisbane. Outside, an aborigine protest march was called off because fines were costing too much. Page 14

Innings win
Pakistan (501-5 dec) beat Australia (488 and 330) by an innings and three runs to lead the three-match cricket test series 2-0. Page 14

Frequent caller
Laurie Skreslet became the first Canadian to scale Mt Everest. His Sherpa guide, Sundare, became the first man to do it three times. Page 14

Briefly ...
Difficult year for the arts was predicted by the Arts Council chairman. Page 8
St John's College, Cambridge, took in its first women students. Page 8
Parliamentary police quelled an armed Naples prison riot. Page 8

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Exchgr 13pc 95... £1091	+ 1	Plessey	600 + 20
Argyll Foods	107 + 4	Rockitt and Colman	378 + 7
BAT Inds	554 + 17	Rothmans Intl	119 + 7
BTR	396 + 16	Scenicor	207 + 14
Brown (J)	32 + 2	UTS	70 + 3
Cape Inds	22 + 6	Willis Faber	450 + 6
Chubb	114 + 9	BP	240 + 8
Debenhams	91 + 4	Burmah Oil	183 + 6
Empire Stores	94 + 6	LASMO	530 + 10
Health (C. E.)	340 + 10	De Beers Dfd	297 + 6
HK Shanghai Bank	78 + 6	UC Investments	870 + 30
ICL	72 + 6		
Jardine	152 + 16		
Lee Refrigeration	260 + 13	Rowthorpe	276 - 7
Merrydown Wine	232 + 27	FNC	34 - 4
Mitney	13 + 4	Freemans	94 - 14
Ninet	143 + 7	Glaxo	825 - 12
		Sinclair Telephones	580 - 17
		Kieboer Mining	70 - 6

Witteveen stresses dangers of world banking problems

BY WILLIAM HALL, BANKING CORRESPONDENT

THE RISK that the world could be plunged into an international banking crisis turning the recession into a real depression was "undoubtedly higher than for many years past," says Dr Johannes Witteveen, former managing director of the International Monetary Fund.

There are more than 30m unemployed in OECD countries, the numbers are rising and there is little prospect of a strong and sustained economic recovery in 1983.

In such circumstances the difficulties of the international financial community will increase, says Dr Witteveen in his preface to the annual report of the Group of 30, an influential group of central bankers, commercial bankers and academic economists.

"You cannot have a healthy financial or banking system in the middle of a sick economy," says Dr Witteveen. He adds that the growing strains in domestic and international financial markets are plain for all to see.

Although Dr Witteveen is no longer a practising central banker he heads a group of experts which includes Mr Christopher McMahon, deputy governor of the Bank of England, Mr Anthony Solomon, president of the Federal Reserve Bank of New York, Mr Henry Wallich, a governor of the U.S. Federal Reserve Board, and M Alexandre Lamfalussy, economic adviser at the Bank for International Settlements, as well as other senior Government officials and commercial bankers.

Thus Dr Witteveen's warnings about the problem facing the international banking community carry considerable weight.

He makes the following points:

- There is a case for clarifying and checking the adequacy of the arrangements that Central Banks would make to provide "lender of last resort" facilities to meet liquidity difficulties of distressed banks at the international level. Dr Witteveen stresses that this is a personal view.
- Recent events in the U.S., where a trader in Government securities and a small bank have failed, demonstrate that "seemingly minor events can in present conditions have a large impact on the profitability of even a large bank."
- Bank lending is often influenced by "fashion" and competition, and based on inadequate data. These are now widely recognised as areas of weakness in the system.
- The impact of the changing structure of the interbank money markets, used by most banks as a major source of funds, on transmitting and amplifying any shocks to the international financial system, is not yet well recognised.
- The big increase in the number of banks in the market, and the entry of banks from less well-supervised financial centres, have added to the risks involved.
- Even losses arising from the domestic operations of a particular bank or group of banks could lead to ripple effects throughout the system via the interbank market, since banks in many countries rely on these markets to fund even domestic operations.
- It is conceivable that an individual Central Bank, acting alone, would not be able to solve the problem satisfactorily; might, for example, not have sufficient foreign exchange resources.
- Most of the world's leading commercial banks have large reserves which they can fall back on to cushion shocks. However, Dr Witteveen questions whether these reserves are "commensurate with the possible scale of the shocks."
- Dr Witteveen notes that the growing strains on both borrowers and lenders are plain to see. "Everywhere corporate liquidity is under pressure; increasingly companies are

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OECD gloom over recovery

By David Marsh in Paris

PERSISTENTLY high interest rates and the strength of the dollar have set back still further hopes of world economic recovery.

Industrialised countries are now expected to show no growth this year, according to preliminary projections from the Organisation for Economic Co-operation and Development (OECD).

In July the organisation forecast 0.5 per cent growth for 1982.

This grim outlook may strengthen the hand of those within the OECD calling for an international economic stimulus when key officials from the leading member countries—the world's main industrialised nations—meet in Paris next month under the aegis of the OECD's Economic Policy Committee to review policies.

Any proposals for a short term boost to the world economy are, however, thought unlikely to gain much support. Among those expected at the session is Professor Martin Feldstein of the U.S., the newly-appointed chairman of president Ronald Reagan's Council of Economic Advisers.

Following the change of government in Bonn, the consensus among the main industrial nations may become even more firmly rooted in the conservative anti-inflation policies followed by the U.S. and Britain.

Other points being considered by those preparing the forecasts for the mid-November meeting include:

- The prospect of flat growth in Europe this year and next and slower-than-expected expansion in Japan. Growth of Japanese gross national product this year may now be no more than 2 per cent—almost half the earlier forecast.
- The U.S., on the other hand, is still expected to expand fairly strongly next year after a fall in GNP this year of around the earlier forecast of 1.5 per cent.
- Unemployment in the organisation's 24 member states is rising faster than expected. The summer forecast of a jobless rate of 8.75 per cent throughout the area by the end of the year now seems optimistic.

The point was underlined by industrial order figures released yesterday which showed a sharp fall in demand in July and August this year compared with the same two months last year.

While overall orders are down (in real volume terms) by 9 per cent, domestic orders fell by 6.5 per cent and those from abroad by 14 per cent.

The figures indicate that the boost to German sales abroad, provided by the relative weakness of the D-Mark in 1980 and part of last year has evaporated. The economic outlook in key customer countries, including the U.S., France and Britain in 1983, gives the Germans little hope that a new surge of demand will emerge from there.

Tories still plan major changes to Welfare State

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR MINISTERS are pressing ahead with proposals for far-reaching changes in the Welfare State and in education, to promote consumer choice and private provision despite the shelving of the Think Tank's controversial suggestions on savings expenditure.

This became clear yesterday as the Conservative Party conference opened in Brighton on a low-key note with behind-the-scenes activity by senior Ministers to dampen hopes of a large cut in personal taxes in the next Budget.

Sir Keith Joseph, the Education Secretary, characteristically, declared that all options remained open on education and social services. He talked about "radical steps" for schools and universities. In particular, he urged geographically isolated pilot schemes combining a system of vouchers, allowing free education in State schools or usable in the independent sector, together with open enrolment in the State sector, allowing schools to change class sizes to take account of parental choice.

These proposals are highly controversial within the Conservative Party.

Sir Keith also said he was considering "a shift over time from grants for student maintenance towards a system of mixed grants and loans such as exist in many Western countries."

Senior ministers made it apparent that similar work is going on in other departments. Their view over what the Think Tank options was that they were too extreme and politically inept in opening up the charge of dismantling the Welfare State.

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West German unions veto six-month pay freeze plan

BY JONATHAN CARR IN BONN

A SIX-MONTH freeze on wages and salaries in West Germany next year, proposed yesterday by Dr Norbert Blum, Labour Minister, was immediately rejected by the trade unions.

In a television interview last night, Dr Blum said his proposed freeze could save billions of D-marks, which could go to investment to help create jobs.

"We have had the worst unemployment figures for the month of September (1.6m) since the Federal Republic was founded. If the country doesn't wake up now, I don't know when it will," he said.

He noted that the Christian Democrat Government had already proposed that the elderly should have their pension increase delayed by six months in 1983.

Now, he was suggesting that all groups should agree to a similar sacrifice. Only if everyone pulled together could the current economic problems be mastered.

Herr Ernst Breit, leader of the German Trades Union Federation (DGB), immediately said that Dr Blum's proposal was not open to discussion, as far as his organisation was concerned. Above all, he noted that the Minister had not specified the number of jobs he imagined he could save through a pay freeze.

The exchange comes at a time of growing pessimism about prospects for economic growth and jobs. It now seems likely that the economy will stagnate this year and next, and that the number of unemployed will rise well above 2m, according to some, as yet unofficial, government projections.

These conclusions are much gloomier than economic projections of only a few months ago.

It is expected that there will be virtually no real growth in Gross National Product this year. A 1 per cent expansion was still thought possible in the summer.

This in turn means that the growth figure for 1983—once forecast to be a real 3 per cent and revised down to about 1.5 per cent—will have to be cut once more, probably close to zero.

The reason is that—for the first time in West German history—an export boom has come and gone without markedly stimulating domestic demand and bringing an economic upswing.

The point was underlined by industrial order figures released yesterday which showed a sharp fall in demand in July and August this year compared with the same two months last year.

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The figures indicate that the boost to German sales abroad, provided by the relative weakness of the D-Mark in 1980 and part of last year has evaporated. The economic outlook in key customer countries, including the U.S., France and Britain in 1983, gives the Germans little hope that a new surge of demand will emerge from there.

Government plans further sales of Britoil shares

BY RAY DAFTER, ENERGY EDITOR

THE Government is planning further sales of shares in Britoil once it has completed the initial sale of 51 per cent of the stock.

Ministers have concluded that there is no strategic reason for the state to hold on to the remaining 49 per cent interest in the oil exploration and production company.

But they are likely to insist that the Government retains a special share of the votes to ensure the corporation does not fall under the control of a single organisation, such as an overseas oil company. This vote—in essence, a power of veto—would not be used to influence commercial decisions.

Mr Nigel Lawson, Energy Secretary, is expected to outline at least some of the reasons for going ahead with the initial sale of Britoil shares when he speaks at the Conservative Party conference today.

The Government is almost certain to proceed with the sale next month on the grounds that:

- The Treasury is anxious to receive the revenue—Ministers now expect the sale of 51 per cent of shares to raise about £500m compared with the £750m used as a working estimate by Britoil officials earlier this year.
- But the Government is not convinced it will raise a higher sum by postponing the sale until next year.
- Ministers are concerned that if the sale is postponed, on the grounds that the market for oil shares is weak, institutional funds already earmarked for Britoil will be diverted.
- Energy Department Ministers are confident that the sale will be completed by the end of the year.

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Bank set to lead bulldog sterling issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Bank of England is about to become lead manager for a bulldog sterling bond issued in London by a foreign borrower.

It is tipped as lead manager for a forthcoming £100m issue for the European Investment Bank. It will be the first time the Bank has led a bulldog issue. It has, in the past, led sterling issues for Commonwealth borrowers.

Neither the Bank itself nor the European Investment Bank would yesterday confirm this unorthodox move. "We have been told to say nothing," said Mr Andre George, Treasurer of the European Investment Bank in Luxembourg.

City merchant bankers are at a loss to understand why the Bank should have been selected as a lead manager. It stands to earn about £500,000 in fees from leading the issue, but it evidently has other reasons for agreeing to undertake the business.

It was suggested in the City that the European Investment Bank, which usually offers very low coupons on its bonds in the Eurobond market, could not decide on a suitable merchant bank to lead its bulldog issue.

The Bank is expected to form a sub-underwriting group of merchant banks to place the issue and some bankers argue that the bank which performs best in this capacity may be selected to lead the next European Investment Bank issue in London.

Other supranational borrowers—the European Investment Bank is an EEC development bank which lends for infrastructure projects in and outside the Community—have raised funds in the bulldog market through conventional lead managers. Barings Brothers led the latest £100m issue for the World Bank this summer.

Britain is not only a shareholder of the European Investment Bank but also borrows from it. This may be one reason why the Bank was hard put to decline a request from the borrower to lead the issue. It is not expected, however, that this would set a precedent for other issues in the bulldog market.

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1 month	0.14-0.17 pm	0.08-0.08 pm
3 months	0.15-0.18 pm	0.08-0.08 pm
12 months	3.20-3.30 pm	3.05-3.12 pm

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EUROPEAN NEWS

Brussels officials fear the EEC could be heading into financial crisis again, writes Larry Klinger

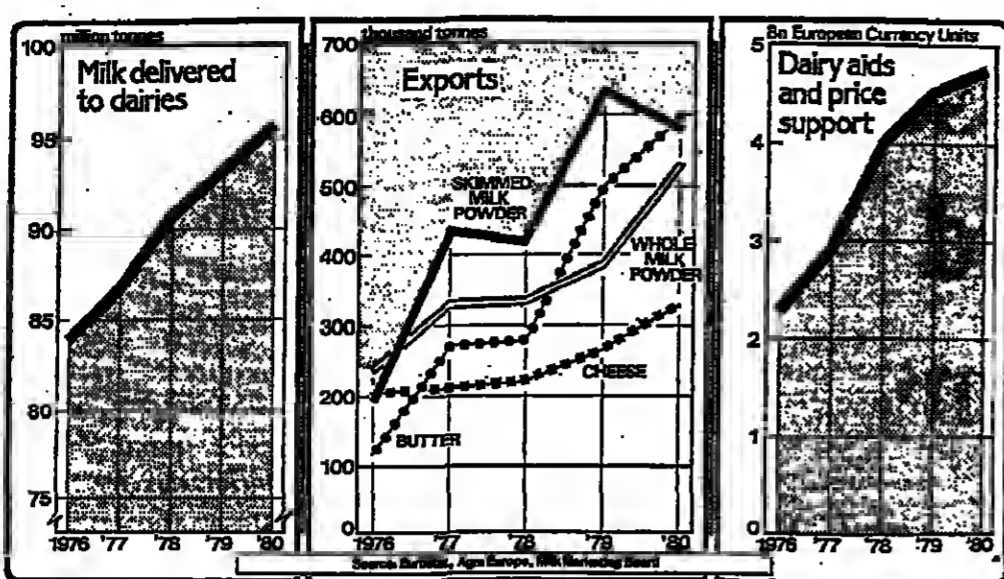
Bumper crops bring big problems for farm budget

PROPOSALS BEFORE the European Commission yesterday, suggesting large-scale subsidies for disposing of surplus butter, reflect fears in the agricultural directorate that the Community could once again be heading into a financial crisis caused by the relentless over-production of farm products for which there is no market at realistic prices.

The farm budget for 1983 of 27.7bn could be seriously stretched by the time the year is out and there is growing concern that expenditure might again run out of control in 1984.

In 1980-81 milk output in the EEC increased only marginally, thanks mainly to the effects of bad weather on grass growth. This helped the Commission to have a projected 234m on agricultural allocations for this year. The grass, however, has been growing well this year and milk output is expected to increase this season by almost 3 per cent.

Added to this, the Commission expects record or near-record production of other commodities which will have to be disposed of on world markets. This can only increase tensions within the EEC and with its world competitors in agricultural trade such as the U.S. and Australia.



"There has been a relentless increase in output of major products such as butter and milk powder for which there is no domestic demand and which can only be disposed of by increasing expenditure from common funds, to make the excess competitive on an already over-supplied international market."

Faced with this dilemma, Mr Poul Dalsgaard, the Commissioner for Agriculture, plans to present EEC member-states with a comprehensive set of farm-price proposals for next season by early December. On

present thinking, his package should contain proposals imposing a price penalty on dairy farmers.

Milk producers face the prospect of a price rise next year markedly lower than the award

other farmers can expect. If hard-line opinion prevails, dairy farmers could experience a drop in real incomes.

The Commission is under pressure to let dairy farmers know that they cannot continue

to boost output while attracting open-ended financial support, said a high-ranking Commission official.

"It will be trying to produce a signal which farmers will understand and understand fully, that this is being done this year and will be done again next year if production is not controlled."

However, the danger remains, one critic noted, that the Commission might still bow to "plucking out of thin air" a high initial price proposal, which, even when subjected to the penalty, would continue to encourage increased output.

"It will be interesting to see," said one hard-liner, whether the Community can construct and in the end, approve measures that will have a real effect."

He suggested that these might have to ensure in detail that the full purchasing power of farmers is actually reduced.

Only 20 months ago, the cost of guaranteeing minimum prices and subsidising exports of farm surpluses was threatening to break the EEC bank. This position was reversed partly through better market management by the Commission but also thanks to generally higher

world prices and specifically to the strength of the dollar.

The latter two factors, however, remain uncertainties. Some world prices are already showing a disturbing weakness and many commodity analysts forecast further falls. The more world prices fall the more the Community has to pay out in export subsidies to enable traders to compete.

Dairy production is now estimated to be running on average at around 2.7 per cent above 1981, compared with the 0.5 per cent growth target set in the spring.

When they set this target, the Agriculture Ministers said they would take "appropriate measures to offset additional expenditure" if it was exceeded.

The Ministers refused, however, to specify what form these measures might take and did not associate themselves with Commission suggestions that a cut in guaranteed price levels might be necessary.

While Community officials insist that the dairy situation is still under control and that there is "no need to panic," there is nevertheless no doubt that fast-rising milk production is once again sending serious tremors through the Community.

Danish Government unveils tough anti-inflation policy

BY HILARY BARNES IN COPENHAGEN

A RADICAL anti-inflation policy, including substantial cuts in public spending and social welfare programmes and the abolition of wage indexation, was presented by Denmark's new four-party non-Socialist Government yesterday.

Mr Poul Schlüter, the Prime Minister, told the Folketing (Parliament) in the Government's inaugural policy declaration that the policies were tough. But he added, if the problems of the country's large and growing foreign debt and the "explosive increase" in the budget deficit were not tackled now, they would become out of control.

"If we cannot solve these problems, we shall not be able to solve any of our other problems, including unemployment," he said.

The Government tabled 15 Bills for the urgent implementation of its main proposals, which included:

● A five-month freeze on wage and profit margins until next March when the current two-year collective wage agreements in the public and private sectors expire.

● Index-linked wage increases which fall due next March will not be paid. All indexation of wages and salaries and transfer incomes (such as unemployment benefits, pensions and so on) will be suspended until 1985.

● The Government will limit the rise in public sector wages and salaries, as well as transfer incomes, to 4 per cent a year in 1983 and 1984. Public sector wage rates this year have risen by about 12 per cent and transfer incomes by about 18 per cent.

● Public sector spending will be cut by Dkr 20bn (£1.5bn) next year and Dkr 37bn (£2.4bn) in 1984. Unemployment benefits will be reduced from 90 per cent to 80 per cent of wages, and sickness benefit will be abolished for the first day of sickness. A Dkr 5 (\$3p) prescription charge will be introduced.

● There will be no general tax increases and, if the private sector wage agreements next

spring are within the 4 per cent limit set for the public sector there will be a Dkr 100 a month cut in income tax. But a temporary levy worth Dkr 4bn (£220m) in 1983 and slightly more in 1984 will be levied on the free investment income pension funds and life insurance company premium re-investments.

● A programme of investor incentives is promised for business sector, but employment insurance tribunals are to go up, dividends are to be taxed, and bonuses in the next two years must not exceed the 1982 level. Extreme left-wing parties the opposition described the programme as an anti-ocratic attack on the foundation of the welfare state.

Resignatory comments by union leaders were not encouraged, either, but the leader of the Social Democratic Party, Geza, was guarded in his comments. He said, however, his party could not accept cuts in unemployment benefits and sickness benefit.

The prospects for the Government in winning parliamentary approval for its programme emerge initially in the Reading debate on its main proposals at the end of this month its chances of carrying most of its proposals seem to be good.

The Government took last month after Mr Joergensen resigned when he realised he would be unable to command a majority for a less radical programme of spending than is now proposed.

Mr Schlüter said that in the face of increasing bankrupt unemployment and an account deficit, there was one way to go: Danish companies must be made competitive and the increase money incomes reduced to the 10 per cent a year rate of recent years.

FINANCIAL TIMES, published except Sundays and holidays, subscription rates \$365.00 per annum in advance, postage paid at New York, N.Y., and at additional mailing offices.

Kirilenko's absence deepens uncertainty about the Soviet leadership

BY ANTHONY ROBINSON IN MOSCOW

THE UNCERTAINTY shrouding the Soviet leadership deepened yesterday when the signature of Mr Andrei Kirilenko, ailing, 76-year-old politburo member, failed to appear alongside that of other leaders under an official obituary. Diplomats described the omission as most unusual, Soviet officials declined all comment and the Moscow rumour machine speculated that Mr Kirilenko was either dead, dying or demoted.

He has suffered poor health

in recent years but was formerly considered a possible successor to President Leonid Brezhnev, who is one year his junior. Like Mr Brezhnev, he owed his early rise through party ranks to the then Ukrainian party boss, Nikita Khrushchev, who picked him during his search for ambitious and able young men to replace those killed in Stalin's purges.

Mr Kirilenko's removal from the scene would further tip the balance of power within the

13-man politburo, already shaken by the death last January of veteran party ideologue Mikhail Suslov. He was considered an ally of Mr Brezhnev, but the choice of successor is more likely to reflect the rising influence of other factions, particularly that associated with Mr Yuri Andropov, the former head of the KGB.

Mr Andropov has largely kept out of the public eye since he won promotion to a coveted

central committee secretariat post last May. The only two exceptions, however, have been very high profile occasions. In June, he accepted a medal from the city of Kiev in the name of the entire Soviet leadership, and in August he led the delegation which welcomed Mr Brezhnev back to Moscow after his holiday in the Crimea.

While Mr Andropov has wielded power discreetly, and reports were allowed to float

around the capital that Mr Brezhnev might retire from at least some of his high positions later this year, two younger men have been allowed to step forward to greater prominence.

The first is Mr Mikhail Gorbachev, a clever 53-year-old lawyer with agricultural experience who was promoted to the politburo three years ago, and Mr Vladimir Dolgikh (58), a four former industrial manager from Siberia who was a protégé of the late Mr Nikolai Kosygin and is tipped to follow his mentor into the premiership.

Both featured prominently during the recent official visit of Mrs Indira Gandhi, the

Indian Premier, and are also expected to take part in the delicate discussions taking place in Moscow with a Vietnamese state and party delegation led by President Truong Chinh. These are believed to be covering the likely repercussions on Vietnam of new Soviet overtures to China, and Moscow's dissatisfaction with the way Soviet aid has been used in South-East Asia.

Increasing the international exposure and experience of the next generation of Soviet leaders now appears to have been recognised as an urgent necessity as age and illness take their toll of the Brezhnev generation.

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October 6, 1982

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05.10.1982

Franco-German plan for regular talks on security

BY JAMES BUCHAN IN BONN

WEST GERMANY and France are to hold regular consultations on issues of European security in the first important foreign policy decision of the new conservative government in Bonn.

Foreign and Defence Ministers of the two countries will meet in Bonn on the morning of the Franco-German summit on October 21 to define the scope and topics of the consultations.

West German officials said only issues of security, disarmament and joint defence would be discussed, although there is some suggestion that the meeting will develop into a regular event.

The decision was taken during talks in Paris on Monday evening between President Francois Mitterrand and Dr Helmut Kohl, the new Christian Democrat Chancellor, making his first trip abroad since taking power last week.

The visit was undertaken to express the "fundamental significance" of Franco-German relations irrespective of the figures or parties in power. It concentrated on what Bonn officials called the "basics" of East-West relations, disarmament, and the strengthening of Nato and European co-operation, but did not include economic questions.

The notion of more intensive bilateral discussions on security was mentioned in the com-

muniqua from the last summit meeting in February, but the October 21 talks will be the first session.

Since February, the political uncertainties in West Germany have hindered progress in security co-operation, and Chancellor Helmut Schmidt's failure to persuade parliament of the virtues of a Franco-German battle tank for the 1990s contribute to wariness.

There have also been reports that Paris was unhappy with suggestions that the former government was leaning towards the Soviet position that the French independent nuclear deterrent should be covered in the Geneva talks on intermediate range nuclear forces.

However, it is understood that the Kohl government—and its francophile Defence Minister, Herr Manfred Woerner—has no intention of starting in office by questioning basic French positions.

AP adds from Brussels: Dr Helmut Kohl met three leading European Christian Democrats yesterday in a private visit to Belgium that was scheduled before he became Chancellor.

He met Mr Leo Tindemans, Belgium's Foreign Minister, Sig Cerio de Mita, the secretary-general of Italy's Christian Democratic Party, and Sr Diogo Freitas do Amaral of Portugal, the current president of the Union of Christian Democratic Parties in Europe.

Madrid moves to counter pressure for plot details

BY ROBERT GRAHAM IN MADRID

THE Spanish Government yesterday requested the Permanent Standing Committee of Parliament to meet in special session to allow Sr Alberto Oliart, the Defence Minister, to brief representatives from all parties on the scale and nature of the military plot unmasked last Friday.

At the same time, the Supreme Military Council of the army, the highest consultative body of the army that includes the Captains-General of the nine military regions, was due to meet yesterday in Madrid to consider the conspiracy.

Details of the plot emerging in the Press indicate that a group of colonels intended to seize power on October 27, the eve of Spain's general election. The plotters planned to gain control of all key communications buildings in Madrid, take over ministries and neutralise the royal palace and the Prime Minister's office. They were relying on officers in strategic units throughout the country to take over command from their superiors.

Three colonels were arrested on Saturday morning. So far no new arrests have been made but both military and civilian detentions could follow. Yes-

terday, it was suggested unofficially that up to 100 officers had been contacted by the plotters. However, the Government has yet to make clear at what stage the plot was aborted.

There is a growing feeling that the conspiracy was the reactivation and perfection of plans discussed last year for a hard-line "Colonels' coup." During the trial of the 32 officers in connection with the abortive take-over of February 23, the prosecution claimed that three plots were being considered. One of these involved colonels going against their superiors and was scheduled for May 2.

The Government has come under increasing pressure to explain the event that led to the arrest of the three colonels and the nature of the conspiracy. The move to convene the Permanent Standing Committee of Parliament is designed to head off such pressures.

Meanwhile, yesterday's meeting of the Supreme Military Council was primarily aimed at sounding out the view of the army's generals on how to deal with the plot's implications. The Government will need the approval, if not the full support, of these generals if it is to proceed with large-scale arrests.

Aid issue high on Mitterrand's summit agenda in Kinshasa

BY DAVID WHITE IN PARIS

PRESIDENT Francois Mitterrand is due today to start his second official trip to black Africa, on the occasion of the ninth Franco-African summit meeting being held in Kinshasa, where a record number of more than 40 countries are expected to be represented.

The summit, taking place on Friday and Saturday, is billed as the most important African conference of the year, following the failure for lack of a quorum of the Organisation of African Unity meeting in Tripoli in June.

M Mitterrand, whose Government has consistently bowed to the OAU's authority in resolving African conflicts, said yesterday that the Franco-African meeting should not try to "sub-

stitute for regional and international organisations."

He emphasised the "informal" nature of the meeting, which brings in a wide range of "observer" nations in addition to the core of former French and Belgian colonies which have participated in the summits since they were launched by President Georges Pompidou in 1973.

While Zaire's President Mobutu is said to be anxious to pull off a diplomatic coup by re-launching the abortive OAU meeting, the French side will concentrate on aid for the poorest countries and ways of counteracting fluctuations in raw material prices.

The meeting will be marked by the presence of M Hissene

Challenge to Haughey symptom of wider disaffection

BY BRENDAN KEENAN IN DUBLIN

TWO OF Mr Charles Haughey's Irish cabinet colleagues have refused to pledge support for him in today's Fianna Fail parliamentary party meeting where he faces a motion of no confidence in his leadership.

Twelve ministers backed Mr Haughey at a Cabinet meeting yesterday but two reserved their position, according to a government spokesman.

They were not named, but Mr Haughey's only known critics in the cabinet are Mr Desmond O'Malley, the Trade, Commerce and Tourism Minister, who mounted an unsuccessful leadership challenge last February, and Mr Martin O'Donoghue, Minister of Education.

Few people believe Mr Haughey will be ousted from office but clearly he faces a formidable challenge. He has been fighting for his political life more or less continuously for 12 years, ever since he was dismissed from Mr Jack Lynch's Government over the alleged

plot to smuggle guns to Northern Ireland Catholics.

He is very good at it by now, and may well survive today's no-confidence motion. But win or lose, the real question is how much damage will be done to his party and his minority administration by the second attempt to oust him in nine months.

One of Fianna Fail's most in- placable critics, Dr Conor Cruise O'Brien, expressed the view in his Irish Times column that it would be better if Mr Haughey won today's vote. His reasoning was that under Mr Haughey's leadership, the party would be more likely to suffer a crushing electoral defeat.

The same reasoning seems to have motivated Mr Charles McCreery, a backbench MP, and the shadowy group of politicians who devised the strategy of a surprise "no confidence" motion.

They struck believing an election was imminent, whether

called by Mr Haughey or forced on him by a defeat in Parliament. They also believe that a majority of Fianna Fail MPs think they would be defeated in such an election, and hope this will persuade them to ditch Mr Haughey.

Either way, they risk fatally damaging the authority of the minority administration and perhaps even the position of Fianna Fail as the natural party of government in Ireland. The fact that they are willing to take the risk is a measure of the depth of feeling in the party on the question of Mr Haughey's leadership.

The divisions cannot be put down solely to history because the situation has worsened since Mr Haughey assumed office. Those who were previously neutral—including many businessmen and trade unions—frequently cite Mr Haughey's handling of the economy as their main reason for disaffection.

It was widely thought that he would prove tough and decisive in this area. Instead, the economic position has worsened and, more worryingly, targets and estimates during his two terms of office have consistently been breached.

A measure of the credibility problem is that this week's draft agreement on pay with the public service unions—which might normally be regarded as a success for the Government—has been seen in some observers as another climb-down.

To these difficulties must be added the series of events involving ministers, such as the resignation of the Attorney General. Although no one can show wrongdoing on the part of ministers, confidence has been shaken.

Beyond Fianna Fail's problems, it is hard to escape the feeling that there is a crisis of confidence in the republic and a lack of belief in the ability of



Mr Haughey... fighting

the country and its institutions to cope with unprecedented political, economic and social

problems. Indications of social breakdown such as crime, vandalism and drug abuse, while small by international standards, are spiralling upwards. The police force is increasingly criticised for indifference and inflexibility, while the public service remains unreformed and inefficient.

Mr Haughey may no longer seem the right man to deal with these problems, but none of his likely successors, such as Mr George Colley, the former Deputy Premier, Mr O'Malley, or Mr Ray McSharry, the Finance Minister, would command widespread national support.

Dr Garret FitzGerald, the Fine Gael leader, waits in the wings, but there are question-marks over his judgment as a result of his seven months in office. The political system may require further upheavals before more stable government is restored.

Second Cabinet surprise

By William Duffforce in Stockholm

THE SWEDISH Prime Minister, Mr Olof Palme, has appointed Mr Lennart Bodström, chairman of Sweden's federation of white-collar trade unions, as Foreign Minister in the new Social Democrat Government. Mr Thage Peterson, the party's spokesman on industrial affairs, will become Industry Minister.

Mr Bodström (52) is the second surprise in Mr Palme's Cabinet nominations. Last week he chose Mr Börje Andersson, a local politician, with no previous experience of defence issues, as Defence Minister.

The new Foreign Minister has been a controversial figure over the past few years because of his support for the Social Democrats' plan to introduce wage-earner funds financed from company's profits. His white-collar federation in principle is politically non-aligned.

Mr Palme said yesterday that Swedish foreign policy needed a person of firm principles and good nerves to lead it. Mr Bodström's appointment demonstrated the weight his Government would attach to co-operation within Europe, he said.

Mr Bodström's experience of foreign affairs has been gained mainly within European trade union co-operation and on committee work within the Organisation for Economic Co-operation and Development.

Mr Peterson, the new Industry Minister, faces a tough task in trying to stimulate renewed industrial growth in Sweden to judge by the gloomy survey of companies' expectations published yesterday by the National Institute of Economic Research.

Sweden drops depth charges on submarine

STOCKHOLM — The Swedish Navy yesterday dropped depth charges on what was believed to be a foreign submarine lurking near an important naval base, the defence staff said.

The navy intended to force the submarine to the surface without damaging it, but local hospitals had been alerted as a precaution, the staff added.

The use of depth charges was the most serious development in several incidents involving suspected submarines since a Soviet submarine ran aground near the Karlskrona naval base last October.

The navy has been hunting the submarine close to the Muskoka naval base in the Stock-

holm archipelago since last Friday.

Under present law, the navy is limited to scaring off suspected U-boats without intercepting them unless they persist in intruding. A naval spokesman said the submarine near Muskoka posed such a serious threat that it must be forced up and identified.

Mr Jan Ake Berg, Defence Staff spokesman, said last night the navy had the necessary political authorisation to intercept the submarine.

The vessel is not trapped and has a slim chance of escaping through the mesh of tiny islands along Sweden's eastern coast.

Admiral Christer Kirkegaard, head of the Muskoka base, said the navy had fresh evidence that the submarine was still in the area and had dropped small depth charges weighing 50 kg each for about half an hour.

More charges would be dropped each time the vessel made contact with the vessel until it rose to the surface, he added.

After last October's submarine incident in Karlskrona, Sweden said it believed Soviet submarine 137 was carrying nuclear weapons.

The Defence Staff said yesterday that depth charging should not "as far as we know" explode any nuclear arms with

which the U-boat might be equipped.

Mr Lennart Bodström, the new Swedish Foreign Minister, said if a foreign submarine was found to be deliberately violating Swedish territory, relations with the foreign country would inevitably deteriorate.

He was speaking after his appointment to the Cabinet being formed by Mr Olof Palme, the Social Democrat, who won last month's general elections.

Defence officials said all Sweden's Baltic neighbours had submarines operating in the area.—Reuter.

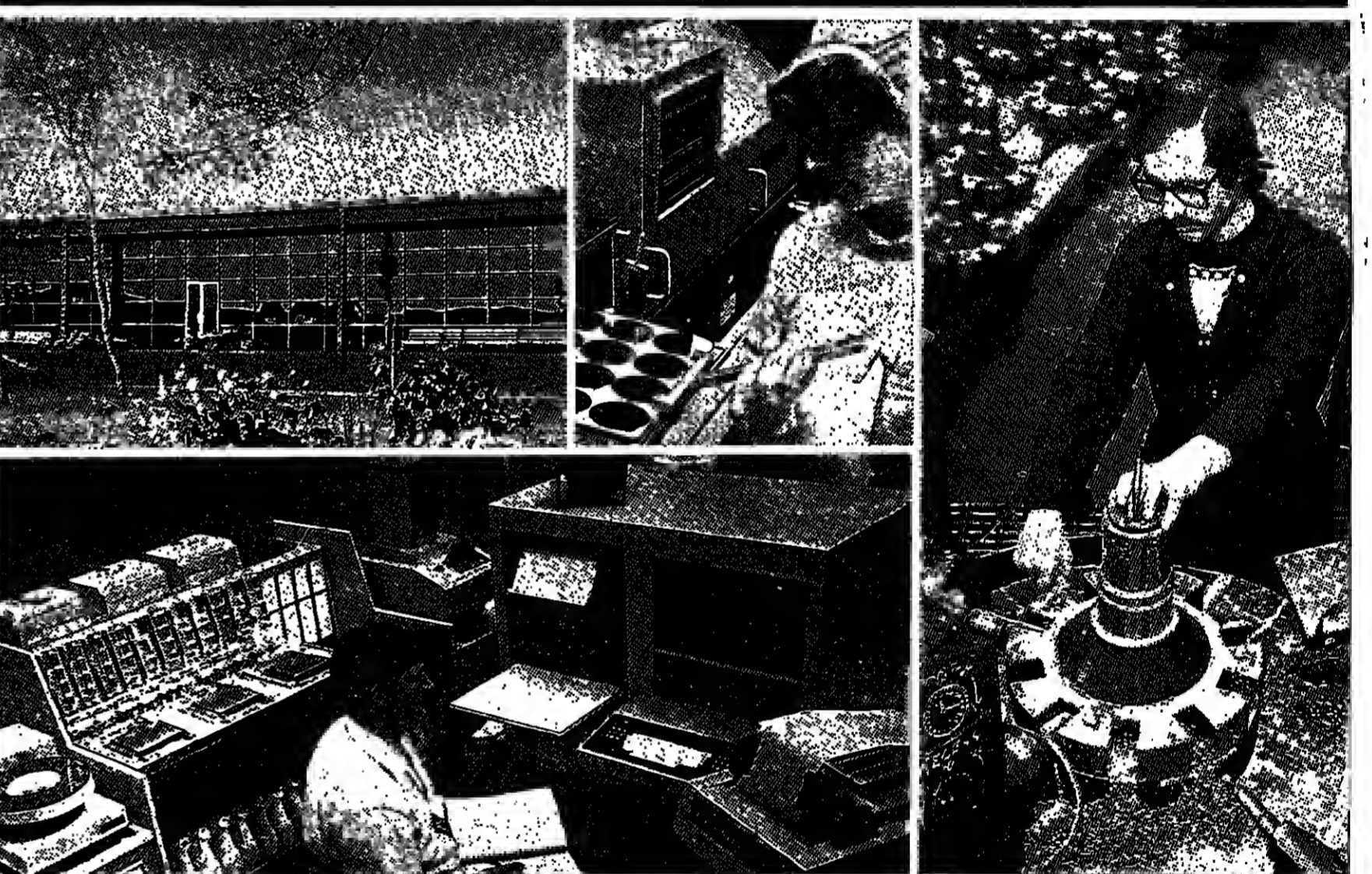
Glomp calls off N. America trip

By Christopher Bobinski in Warsaw

THE POLISH Primate, Archbishop Jozef Glomp, has postponed his planned trip to North America, in addition to his visit to Rome, as a result of the Government's intention formally to ban the Solidarity union at the end of the week.

His decision has been taken partly in protest at the authorities' action and partly out of concern about the danger of street demonstrations. The archbishop is also thought unlikely to go ahead with a meeting today with General Wojciech Jaruzelski, Poland's military leader.

IRELAND TODAY



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OVERSEAS NEWS

Hang Seng index recovers sharply after plunge

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S depressed stock market bounced back sharply yesterday after a shaky opening which took the Hang Seng index down almost to the 800 mark.

Vietnam calls for China thaw

Vietnam yesterday joined the Soviet Union in calling for normalisation of relations with China. AP reports from Moscow. A report issued by the official Soviet news agency Tass said President Leonid Brezhnev and chairman of the Vietnamese State Council, Truong Chinh agreed during talks in the Kremlin that improved relations between Vietnam and China and between the Soviet Union and China would be in the interests of all three nations.

The impression left by yesterday's stock market trading is that the betwixt from political nervousness, which saw share values slashed by one-quarter. Trading yesterday was heavy, totalling HK\$321m on the four exchanges, against a daily average for the first half of this year of HK\$205m.

J. D. F. Jones in Johannesburg explains why the gold price boom was not enough to buoy up the economy

Why South Africa has turned to the IMF

SOUTH AFRICA has been blackballed by so many of the world's clubs and institutions that it rarely respects those, like the International Monetary Fund, where it is still admitted as a full member.



Mr Horwood... visit to Toronto

Now, having decided that the pressure on the reserves caused by the balance of payments deficit can be tackled only with the help of a SDR loan (\$533m) from the Fund, the republic is going to discover how much it enjoys the supervision that such a loan entails.

formed from a surplus of almost R350 (£1.55bn) in 1979 to a deficit of R3.7bn (£1.59bn) in 1981. The deficit is now running at an annual rate of R5.4bn (£2.3bn).

CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS

Table with columns for 1981 and 1982 (1st qtr, 2nd qtr) and rows for Merchandise exports, Net gold output, Merchandise imports, Net service and transfer payments, Current account balance.

need to be drawn from the first, second, and part of the third of the four credit tranches that make up South Africa's full quota.

strikes principally at the black and unfranchised poorer majority.

The explanation at the time was frank: the exchequer account, that is, spending by the Government departments, was in trouble. According to the Reserve Bank, spending in the first four months of the financial year was running 16 per cent higher than the previous year, whereas the minister in his budget had relied on an estimate of an 11 per cent increase for the year.

Japanese policymakers still split on economic strategy

BY RICHARD HANSON IN TOKYO

JAPANESE policymakers remained deeply split as the deadline for formulating a package to stimulate the economy draws near.

Instead, the Finance Ministry will most likely stand firm on keeping any rise in public works spending to a maximum of ¥1,500bn (or less).

such wide divisions over economic policy so late in the decision-making process. This can be attributed partly to genuine difference of opinion over the benefits of Keynesian type measures to stimulate the economy.

Mr Toshio Komoto, the director general of the planning agency, believes strongly that a shot of government spending can, and should, be used to achieve higher growth, though nobody agrees on how much extra growth can be squeezed out of the economy. Opponents

argue that reform of the government's finances is a more urgent task.



Mr Suzuki

U.S. Marines find strange new role on Beirut's streets

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

TO MANY Americans, there is a certain irony in sending in the Marines, supposedly among the world's toughest troops, and taking the most elaborate precautions to ensure that they are not shot at by so much as a pea-shooter.

lands war—an event that gave vicarious thrills to a great number of people on this side of the Atlantic.

in combat and they do not even have loaded guns—although the Pentagon says that they can slip a clip into the breech "in one or two seconds" if they need to defend themselves.

expeditions since Vietnam that any venture is seen as potentially a damaging and unnecessary conflict.

strict conditions. The President, for example, has to certify that there is an "unavoidable military necessity."

Also unclear is when they are to leave—before all foreign forces (Israeli, Syrian and Palestinian) withdraw, or after.

Israeli economists concerned at possible U.S. aid cut

BY DAVID LENNON IN TEL AVIV

ISRAEL'S ability to withstand U.S. economic pressure has become the subject of fierce debate among Israeli economists since the possibility of cuts in U.S. aid has become more real.

nothing to help the country resist external economic pressure. The cost of the war, about 5 per cent of GNP, is not the problem; it is the growth in inflation, to more than 130 per cent annually, the decline in exports and the rise in imports.

ENERGY REVIEW

Sudan forced to change oil strategy

By Rick Wells, Khartoum Correspondent

THE RECENT decision by the Sudan Government to abandon its plans for a second oil refinery, scheduled for construction early next year, and instead build a 900-mile pipeline from the oilfields in the remote south-west interior to the Red Sea coast, represents a major shift in the country's oil policy.

exploration effort being undertaken by Standard Oil of California parent company—have made the pipeline possible.

Oil was, and still is to some extent, held out to be Sudan's great hope of salvation. With companies queuing for the available concession areas following the exciting discovery of Chevron's Unity field in 1980, it seemed only a matter of time before Sudan would be supplying its domestic needs—thereby financing its all important agricultural development and possibly even exporting some.

Now, more than two years on, with a chronic fuel shortage affecting the whole country as a result of lack of cash, the Government has had to face up to an awkward set of priorities regarding its oil policy.

Bentiu area. News that the oil will now be pumped directly to Port Sudan for export is likely to be equally unpopular, with southerners.

Meanwhile, urgently needed oil supplies arrive piecemeal in fashion. At the beginning of the year, a gift of three months supply of oil arrived from Saudi Arabia. When that ran out all local and foreign banks were asked by the Government to contribute \$1m to \$2m towards financing the \$84m cost of a further three months supply.

The Israeli economy's weak point is its foreign debt of more than \$18bn (£10.7bn), the equivalent of \$4,500 per capita. Interest and repayment of this debt came to \$2.2bn last year, the equivalent to the total amount of aid provided by Washington in 1981.

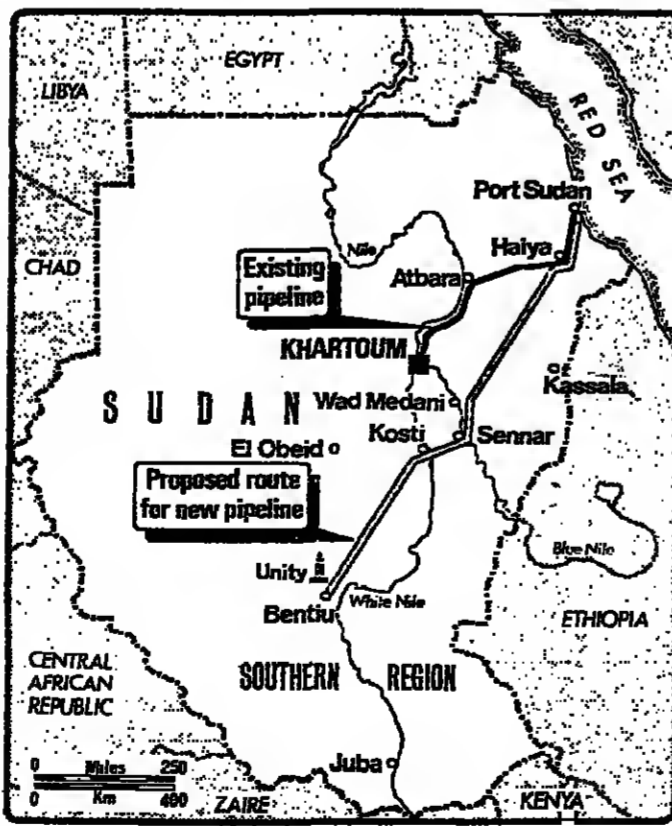
Mr Arnon Gafny, former Governor of the Bank of Israel, wrote recently that if the Government had asked its economic advisers about the readiness of the economy for a war, then they would have said that this was not the ideal moment.

The Government's attitude to the potential problems has centred on two arguments, firstly, that the U.S. will not cut aid, as it has repeatedly assured Israel; secondly, that even if it did, this would not create any immediate problem thanks to the favourable structure of Israel's debt.

Ha complained that the Government appears to be ignoring the link between Israel's political image and its economic standing. "If Israel wants to continue to receive economic aid," Mr Gafny wrote, "then minimal co-ordination is required between our aim and the network of values and policies acceptable to the friends who are aiding us."

Critics of the Government dismiss its attitude as unrealistic. They say that in the first place, the decline in Israel's standing in the U.S. because of the war in Lebanon is very likely to lead to a squeeze on U.S. aid. In the second place, damage to the country's standing abroad will also adversely affect its ability to replace aid with loans from commercial banks.

They further argue that the poor performance of the economy this year has done nothing to help the country resist external economic pressure. The cost of the war, about 5 per cent of GNP, is not the problem; it is the growth in inflation, to more than 130 per cent annually, the decline in exports and the rise in imports.



Chris Walker

The change appears to have been dictated by the immediate problems of Sudan's balance of payments crisis, and its continuing inability to service its heavy debt burden.

Technically speaking, unless water-flooded techniques have been proven to work in Sudan—which they have not yet—you cannot claim to have any reserves at all," said Mr Philip Harvey of Standard Oil of California. "However," Chevron believes there are enough reserves there to justify a pipeline and is therefore willing to continue developing fields with Chevron money.

Moderate estimates have put total reserves in Chevron's concession areas at just 200m barrels, certainly not enough for an export industry based on refined products.

At the other extreme, reports in the local and foreign Press, giving Sudan's estimated reserves as 10bn barrels apparently stemmed from a miscalculation and, in fact, represented a highly speculative guess of potential reserves for the whole country.

The decision means that instead of aiming to refine domestic crude as a substitute for expensive oil imports Sudan will continue to import both crude and refined products financed by exports of its own heavy crude.

The 22-inch pipeline linking the Unity field being developed by Chevron Oil Company (Sudan) with Port Sudan will cost around the same as the refinery project—an estimated \$900m.

According to bankers, finance was a major stumbling block with the refinery project. It is understood that only the five consortium short-listed for the refinery will be allowed to tender for the pipeline, with an option of taking on new partners if need be.

Lead companies of the consortia are JGC Corporation of Japan, West Germany's Mannesmann, Snamprogetti of Italy, France's

Technip and Tecnicas Reunidas of Spain.

However, the choice of Kostli in preference to the site originally proposed at Bentiu—nearer the actual oilfields in the Southern Region—caused considerable resentment among southerners that they would lose out on the benefits of the oil. To compensate for this a special \$1m fund was raised for development schemes in the

Many arrests as army searches West Beirut

BEIRUT — The Lebanese army yesterday arrested a large number of people and confiscated weapons and ammunition in a massive sweep of mainly Moslem West Beirut.

The exact number of arrests was not immediately known as the search continued but scores were seen rounded up. The right-wing controlled Voice of Lebanon radio said a "large number" of illegal aliens and people whose papers were not in order were arrested.

All streets leading to the central shopping district of Hamra were closed to traffic and pedestrians while the army carried out the search and arrest campaign. French units of the multinational peacekeeping force, which also includes British and U.S. Marines, provided limited support to the

David Lennon adds from Tel Aviv: Israeli and U.S. officials met in Jerusalem yesterday to discuss the withdrawal of Israeli troops from Lebanon. Mr Morris Draper, U.S. special envoy met Mr Menahem Begin, the Prime Minister and Mr Ariel Sharon, the Defence

AMERICAN NEWS

Drug maker's sales hit by cyanide deaths

BY PAUL TAYLOR IN NEW YORK

THE poisoning of extra strength Tylenol capsules in the Chicago area has already become a human tragedy. It could also prove to be a serious corporate setback for Johnson and Johnson, parent company of McNeil Pharmaceuticals Laboratories which produces the pain relieving drug.

The company has withdrawn the 93,000-bottle batch of capsules which contained the cyanide, halted all commercial production of Tylenol and stopped production at one of its two plants.

The Tylenol capsules form a small part of the total sales of Tylenol, however, and the company said yesterday it was maintaining full production of Tylenol tablets, which were not involved in the poisoning.

At the same time the company's share price has plummeted, earnings predictions and broker recommendations have been lowered and at least one law suit has been filed.

The U.S. government and the over-the-counter drugs industry have set up a joint task force to consider ways of making drugs sold in chemist shops more secure. The committee was due to meet for the first time yesterday.

Industry experts are already predicting that the unfortunate affair could harm sales of Tylenol, the nation's top-selling pain killer. Last year the drug took 37 per cent by volume of the \$1bn a year U.S. market and accounted for 7.4 per cent of J and J's sales and about 18 per cent of the company's \$467.6m net earnings.

Even if J and J emerges blameless from the episode some industry analysts believe Tylenol sales could be hit for about a year and that the company will be forced to take steps to regain market share.

Jamaican refinery purchase in trouble

By Canute James in Kingston

THE JAMAICAN Government has encountered problems in financing the purchase of an oil refinery from Esso West Indies, a subsidiary of the Exxon Corporation.

The acquisition of the 26,000 barrel a day refinery, at a cost of \$56m, was set for October 1, when the Government should have made a first payment of \$10m (£2.95m).

On that day, however, a government team was still in financial trouble. Mexico negotiating a loan to cover the purchase. The takeover has been set back to later this month.

There are growing indications that the Government was pressed into buying the oil refinery, which began operating 18 years ago, and on which the island's fuel supplies depend.

The purchase goes against official economic policy. The Government has been selling state-owned property to the private sector.

Earlier this year, at the beginning of negotiations on a new operating contract, Esso West Indies indicated that its shareholders were unhappy with its profit margins. Two years ago Exxon cancelled a \$7m plan to upgrade the refinery.

U.S. arms control chief optimistic on nuclear talks

BY DAVID TOUNGE, DIPLOMATIC CORRESPONDENT IN WASHINGTON

THE U.S. today resumes strategic weapons talks with the Soviet Union in Geneva, with top U.S. officials expressing satisfaction at the pace of negotiations.

Although they do not expect major breakthroughs until next year, both sides have been "unexpectedly frank in putting forward their positions and analysis," Dr Eugene Rostow, head of the U.S. Arms Control and Disarmament Agency, said in an interview in Washington yesterday.

He said the strategic arms reduction talks, dubbed "Start by the U.S., may still be at an early stage but the atmosphere was "fine."

He was speaking the morning after Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister, had completed a second round of talks in New York. These talks had seen both sides setting out "irreconcilable" views on the Middle East, disagreeing on almost all major issues, and not even discussing a summit meeting between President Ronald Reagan and President Leonid Brezhnev, according to the State Department.

However, Dr Rostow insisted that the first round of the talks, held on September 28, had been "very positive in all ways" in the key area of limiting Intermediate Nuclear Forces (INF) in Europe.

The actual INF negotiations began in Geneva last November, and resumed last week. Dr Rostow, a veteran arms negotiator, insisted that progress in the Start and INF talks was inextricably linked. He argued that the Russians were unlikely to put forward major proposals to bridge the gap between the two sides in the INF talks until just before the U.S. is due to start deploying Pershing and Cruise missiles from late 1983. Progress in the Start talks could also be delayed until then, he made clear.

Venezuela hits guerrilla forces

By Kim Fuad in Caracas

VENEZUELAN armed forces have dealt a severe blow to Marxist guerrillas, killing 23 insurgents on Monday in a combined air and land operation in the eastern part of the country.

An official communique issued late on Monday said that leaders of the "Bandera Roja" —Red Flag—movement were killed in the operation, which took place about 300 miles east of the Venezuelan capital.

The communique said that one police officer had been killed

Chrysler faces stiff opposition over contract

BY DAN MCCOSH IN DETROIT

CHRYSLER, which recently announced a dramatic strengthening of its financial position against last year, is facing opposition from union employees who are voting on a new contract that calls for minimal wage increases for the coming year.

Members of the United Auto Workers Union are now voting on a proposed agreement which extends their base wage rate of \$9.07 per hour for 12 months, about 25 per cent below the rate

at General Motors and Ford Motor. The proposed contract would grant some cost-of-living increases and tie bonus payments to corporate profits. It covers 58,000 Chrysler salaried and hourly employees.

Early voting by union members showed strong opposition to the terms.

Union members against accepting the new agreement say they want an immediate pay increase, and are opposed to

new restrictions on unexcused absenteeism. Adding to the controversy are several recent speeches by Mr Lee Iacocca, Chrysler's chairman. He recently announced that the company had built up a cash reserve of over \$12b, including \$348.5m from the sale of the company's defence operations.

The UAW president, Mr Douglas Fraser, who has a seat on Chrysler's board of directors, has criticised Mr Iacocca's

remarks. He said they gave the false impression the company had money to pay for a larger wage increase.

Brazilians warned of 'sacrifices' ahead

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZILIANS were warned yesterday to expect even fiercer monetary and fiscal restrictions next year as part of the government's drive to reduce substantially the growing current account deficit.

The target is to achieve a trade surplus of between \$2bn and \$3bn and thus reduce the anticipated deficit to the range of \$8bn to \$8.5bn (\$4.8bn to £5.1bn). This year's deficit is expected to

reach a record \$15bn. Sr Ernane Galves, the Finance Minister, said he realised that the Brazilian people would have to make "sacrifices" as a result of the restrictions, which he said were the result of the international economic crisis.

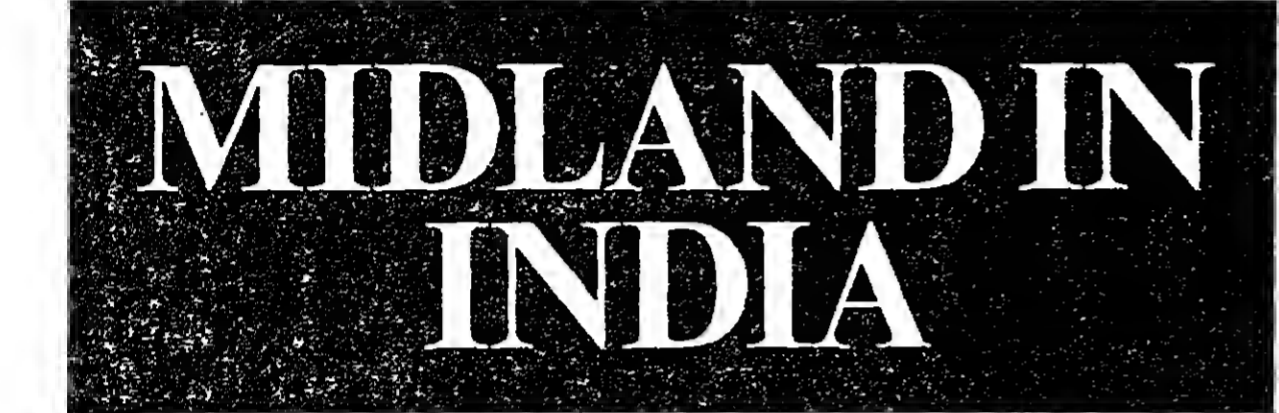
Details of the measures to be adopted, primarily to reduce the level of imports, are expected to be taken at the November meeting of the

National Monetary Council, the country's top economic policy making body, after the national elections scheduled for the middle of that month.

Sr Galves said the official forecasts were based on the premise that there would be a recovery in the international price of Brazil's important primary product exports as well as in overall demand from other Latin American

countries. Argentina, Uruguay, Mexico and Chile this year halved their purchase of Brazilian goods.

The other critical consideration for the Government are a continuing fall in oil prices and in foreign interest rates. "But if this does not occur, we shall take whatever measures are necessary to reach our goal," the Finance Minister said.



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In London contact: Graham Penny or Mike Wade, Senior Executives, Asian and Pacific Region, Midland Bank plc, International Division, 60 Gracechurch Street, London EC3P 3BN. Telephone: 01-606 9944 Ext. 4211 or 4356.

Magnetic radical tempts the voters

BY ANDREW WHITLEY, RECENTLY IN SAO PAULO

JOSE AMERICO DIAS, a cheerful young man in jeans and an open-necked shirt, is distributing pamphlets outside the Roosevelt station, Sao Paulo's major urban commuter station. The evening rush hour is in full swing and many thousands of weary Paulista, by appearance mostly labourers or lowly office workers, are pouring past Sr Dias and his two colleagues. They reach out for his pamphlet and study it with a degree of interest which would be remarkable in Britain as he shouts out: "PT, PT, vote for Lula's party, vote for the PT on November 15."

Everyone knows Lula, the heavily bearded former lathe operator who shot to national stardom in 1978 when he led a series of successful strikes against the multinational companies based in Sao Paulo's ABC Industrial districts. An illiterate who is a magnetic public speaker and a master of television debates, Sr Luis Inacio Da Silva, better known simply by his nickname of Lula, is now running for Governor of Sao Paulo—arguably the most powerful political post in the country after the presidency.

How Lula fares will determine whether or not one of the other candidates of his Partido dos Trabalhadores (PT), or Workers' Party, in Sao Paulo state make it to public office this year, whether as federal senator or state assemblyman. The link is created by the system of Voto Direto, the article of state voting drafted up by the Government of President Jose Figueiredo last year when it feared a landslide defeat for its own political creation, the ruling Partido Democratico Social (PDS).

Few believe Lula will win. But his supporters believe he should give a good race to the favourite for the governorship, Senator Franco Montezoro of the main opposition conglomerate, the Partido do Movimento Democratico Brasileiro (PMDB). In the process he should pull in anywhere between 1.5m and 2m votes for the cause of Socialism in Brazil. The PT calculates



Sr Luis Inacio Da Silva

that, with the proportional representation system and a vote on that scale from Sao Paulo's 12m electors it should be able to count on 15 of the 84 seats in the state's legislative assembly—a considerable advance on the foothold their six members presently provide.

Sr Dias, a 28-year-old former student leader, is one of the 74 candidates the PT has put up for a seat in the Sao Paulo assembly. Virtually all have come up from the grassroots organisations which are the new party's strength; few have had any experience before of politics on this scale.

Canvassing for votes in an area greater than the whole of the UK, Sr Dias, like half his fellow party candidates, does not even have a car or home telephone. Nor does the central electoral office of the PT, run on a shoestring of voluntary help, provide him with any financial assistance. On the contrary, 30 per cent of all the money a candidate raises from rallies, parties or donations has to go to the party's war chest.

If he is elected—and he rates his chances today as only average—Sr Dias' lifestyle (and transport problems) will be

transformed. A state assemblyman taking office next March will earn Cruzeiro 1m (£2,850) a month before tax, have the right to appoint four assistants and two secretaries, and will have an office car and two drivers always at his or her disposal.

Sr Dias himself is a former member of a clandestine Trotskyite organisation which opted to join Lula's party, playing a similar role to that of the Militant Tendency in Britain's Labour Party.

The PT grew out of the independent trade union movement in Brazil led by Lula's metalworkers. But this "strange beast," as sceptical government observers dubbed it, has both changed and continued to grow rapidly, embraced by the student movements and the middle-class intellectual left and, not least of all, by the "progressive" wing of Brazil's powerful Catholic Church.

The local branch office of the PT, where Sr Dias and a score of other candidates work from, is a scruffy, down-at-heel house dubbed with slogans in the Bela Vista district of the city centre. Just round the corner, on the main road, is the bright

yellow, art nouveau-style headquarters of Sr Dias' main rival, Sr Fauze Carlos of the Government-backed PDS and a former State Secretary of Health. "I fought hard to save that building from the developers," Sr Dias said, grinning at the irony.

As constituency voting does not exist in Sao Paulo state voters have, in theory, to choose between some 500 candidates for the State Assembly, put up by the five nationally registered political parties, when they fill in their voting slips. Independents are not allowed to stand.

Vote for the complete slate of the PT," urges one of the leaders Sr Dias brands out at the railway station. "The concern is that the electors will only fill in Lula's name for governor and, out of ignorance or apathy, leave the remaining four spaces blank.

The other main concern is that the form will be filled in wrongly, invalidating all the votes cast by the individual concerned. All the parties are thus spending much time on teaching an inexperienced electorate how to cope with the highly complicated system in force.

Advertisement for Midland Bank International with the slogan 'We deliver. Test us.' and a world map graphic.

Large advertisement for Telford industrial estate with the headline 'IN TELFORD A GROWING BUSINESS CAN ALWAYS MOVE INTO NEW FIELDS.' and an image of a large industrial building.

Handwritten signature or mark in a box.

French companies set to bid for Indian contracts

BY K. K. SHARMA IN NEW DELHI

FRENCH COMPANIES are to make a strong bid for contracts in India and for collaboration with Indian companies under the terms of a protocol signed yesterday by M. Michel Jobert, French Minister of External Trade, and Mr Shivraj Patil, India's Commerce Minister.

The sectors identified for collaboration include energy, steel, aluminium, chemicals, telecommunications, harbour development, agriculture, electronics, civil aviation and shipping. This paves the way for an expansion of Indo-French economic relations in the next few years.

The protocol was signed after four days of talks in New Delhi between Indian and French delegations. It comes shortly before President Mitterrand's state visit to India in November and gives impetus to Indo-French relations which have expanded considerably in the last three years.



Michel Jobert: signed protocol clearing way for further co-operation.

If talks on the new areas identified for collaboration prove successful in even some sectors, France and India will become major partners in industrialisation both in India and Third World countries, where the two plan to start joint ventures. So far there is just one Indo-French venture in Algeria and more are proposed in other parts of the world.

The Indian Commerce Ministry has found that the sudden spurt in Indo-French economic relations has led to a heavy trade imbalance against India and this has been brought to the attention of M. Jobert.

Brock stops short of urging vehicle curb

WASHINGTON

Mr William Brock, the U.S. Trade Representative, has stopped short of urging Japan to curb car exports to the U.S. for a third successive year in meetings this week with Mr Shinzaro Abe, the Japanese Trade Minister, U.S. officials said.

He said U.S. car makers were being battered by the prolonged recession despite the voluntary Japanese export restraints.

The Japanese have held annual car sales to the U.S. at 1.68m since April 1981 compared with a record 1.82m in 1980—a cut of over 7 per cent a year.

The restraints are to end next April, but the Japanese have said they might consider keeping up the curbs for a third year if warranted.

The Reagan Administration does not have a firm policy on a third year of Japanese restraints, but U.S. government officials said it might press for continuing reduction of Japanese exports if the situation remained serious.

Officials said Mr Brock noted that the Administration had been asked by the U.S. Motor Vehicle Manufacturers Association to press for the restraints to continue.

Japan's sales of cars and commercial vehicles edged up 1.1 per cent in September from a year earlier to 352,313 units, the Japan Automobile Dealers Association announced yesterday.

The latest statistics indicated, association officials said, that the domestic car market remains sluggish. Small cars were the only category in the month which registered a year-to-year increase of any appreciable size, going up 5.7 per cent to 243,742 units.

Meanwhile, Japan's Trade Minister is understood to have promised to reduce steel exports to the U.S. by 40 to 50 per cent for the rest of the year, according to Senator John Heinz.

Senator Heinz, a Pennsylvania Republican, said he had been "assured" by Mr Abe that exports will fall, possibly by as much as 50 per cent, so that the total for this year will not exceed the 1981 total.

Japanese car exports: the brakes stay on

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE car manufacturers, without the restrictions of the 1970s, would have captured 10 per cent of the French market, 15 per cent of the Spanish and Italian markets, 20 per cent of the UK market and 30 per cent of the Portuguese market—something in the order of 600,000 cars in 1980.

Restrictions in the U.S. and Canada last year probably reduced exports from Japan to those countries by about 300,000 cars.

These estimates are contained in a report by consultant Mr James McArdle and Prof Dan Jones, senior research fellow at the University of Sussex Science Policy Research Unit.

The authors come down in favour of managed trade in automobiles because "where there is imbalance in productivity—as between the Japanese industry and those in the West—freedom of choice can lead, in the extreme, to the collapse of domestic industries."

"If this process is repeated across a number of major sectors, the implications for GDP per capita are bound to be significant. Thus, lack of moderation on the part of the exporter and unfettered choice on the part of the consumer present the eventual possibility of impaired purchasing power and accelerating economic decline."

The report suggests there is little prospect of the Japanese setting up car manufacturing capacity in Western Europe before the second half of this decade.

It points out that, although the Japanese exported 891,000 cars to Europe in 1981 for a 9.2 per cent market share, these were spread over eight manufacturers and 45 models.

In general, 50,000 units a year represents the practical minimum for a joint assembly deal using existing plant, while about 100,000 a year is the realistic minimum rate of output for an entirely new, highly automated assembly plant with stamping, welding and painting facilities.

But only two Japanese models, the Datsun Pulsar and the Mazda 323, achieved sales above 90,000 in Western Europe last year. Only six Japanese models—the Datsun Sunny, Datsun Bluebird, Honda Civic, Mazda Capella, Mitsubishi Mirage and the Toyota Corolla—had sales of over 45,000 each.

The general diffuseness of Japanese automobile sales would seem to reduce the immediate likelihood of assembly in Europe by the majority of Japanese producers, except with active European co-operation, the authors state.

However, the wider application of flexible manufacturing systems could change the outlook in the second half of this decade.

They add that, while some form of collaborative assembly with a European partner might represent the line of least resistance, the range of such opportunities is limited and "a

countries, independently or in association with U.S. producers."

The report suggests that, in

more direct line of attack might be held to have greatest strategic appeal in the medium- to long-term, especially by the two major Japanese producers, Toyota and Nissan."

In contrast with Europe, a considerable number of Japanese models comfortably exceed 100,000-a-year sales in the U.S. so "it is likely that other Japanese manufacturers will follow Honda and set up production during the next few years either in the U.S. or neighbouring

the face of European and U.S. restrictions—which can be expected to continue for political reasons—the Japanese can be expected to adopt the following short-term strategies:

- Maximise profits within volume limitations through emphasis on larger and generally more expensive vehicles;
- Increase market shares in the light commercial vehicle sector, especially in the absence of any specific agreements applicable to this sector;
- Consolidate and increase market shares in export markets outside Europe and North America. (The report points out that South American markets are still dominated by Volkswagen, Ford, General Motors and Fiat and "we should expect the Japanese producers to strengthen their standing in the major South American markets over the next five years");
- Increase the volume of trade through supplying Western producers with major components and sub-assemblies;
- Increase joint venture activity. Possibly the majority of joint ventures will fall into the opportunistic category and contribute to a general strengthening of position or production and marketing potential in certain territories;
- Continue to exploit the different attitudes and priorities of EEC member states and avoid, if possible, any EEC-wide agreement;
- Possibly to probe Western defences by importing limited quantities of automobiles produced by their own subsidiaries in countries other than Japan;
- In political negotiations, to attempt to submerge specific sectoral issues in wider balance of trade and currency parity problems.

The Japanese Automobile Challenge: James McArdle and Associates; 6th floor, East Wing, 29, St James's St, London SW1A 1HL: £495 or \$855.

CONTROL OF JAPANESE CAR EXPORTS TO W. EUROPE AND N. AMERICA 1981

EUROPE	Type of control	Japanese share
Spain	High tariffs, quotas	0.1
Italy	Pre-EEC quota	0.1
France	Imposed market share limit	2.6
Portugal	High tariffs, quotas, domestic content	12.5
W. Germany	Export restraint agreement	9.7
UK	Market share agreement	11.0
Benelux	Export restraint agreement	24.5
NORTH AMERICA		
U.S.	Export restraint agreement	21.8
Canada	Export restraint agreement	13.2†
† 1980		

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- In political negotiations, to attempt to submerge specific sectoral issues in wider balance of trade and currency parity problems.

Ruling awaited on gas pipeline shipment

WASHINGTON

The U.S. State Department said no determination had been made yet on whether a West German shipment violated President Ronald Reagan's sanctions against the Siberian gas pipeline.

Mr Alan Romberg, State Department spokesman, said he understood a ship carrying pipeline equipment from AEG

Kanis Turbinenfabrik had left Bremerhaven.

"Obviously if a violation has taken place, appropriate enforcement measures will be taken," Mr Romberg said.

AEG Kanis Turbinenfabrik, a subsidiary of AEG Telefunken, has contracts to sell 47 turbines to the Soviet Union for the pipeline. Reuter

Philippines bid to cover nuclear plant costs

BY ABBY TAN IN MANILA

THE PHILIPPINES Government will raise \$250m (£147m) to cover partially the cost overruns of its first nuclear plant from the Euro-dollar market, Mr Cesar Virata, the Prime Minister, said over the week-end.

The U.S. Export-Import Bank has already agreed to guarantee \$204.5m of the amount, a concession the Philippines won during the recent state visit of President Ferdinand Marcos to Washington.

Mr Virata said that the amount to be raised represented

the foreign exchange component of the cost overruns of the project which, originally priced at \$1.1bn, has ballooned to \$1.9bn.

The rest of the overruns for the 620-MW plant will be guaranteed by the Philippine Government.

The delay in the construction was caused mainly by Philippine Government demands to Westinghouse, the supplier, for additional safeguards following the Three-Mile Island incident in Pennsylvania. The modification cost alone is put at \$110m.

Argentina in Moscow talks

ARGENTINA'S trade and energy secretaries started talks in Moscow on Monday on broadening trade and economic co-operation, an Argentine diplomat said, AP reports from Moscow.

Alberto Fraguio, Trade Secretary, and Alletto Guadagni, Energy Secretary, were due to hold talks with Soviet officials representing Ministries handling trade, energy, machinery exports and raw materials imports, the diplomat said.

The diplomat, who asked not to be named, said the Argentines would be telling the Russians about their economic problems and trade needs.

Far East threat to watch industry in Europe

BY JOHN WICKS IN ZURICH

THE WEST European watch industry continues to suffer from the influx of cheap products from the Far East and Communist countries.

The watch industry spokesmen said they will repeat their call for a re-examination of regulations governing imports from Hong Kong, claiming that the colony is no longer a developing country and should not be granted corresponding privileges.

The body welcomed measures taken by the European Commission to act against the supply of watches by the Soviet Union at what are claimed to be dumping prices.

down by the General Agreement on Tariffs and Trade (GATT).

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UK NEWS

Financial strains 'add to company squeeze'

By Arthur Smith, Midlands Correspondent

HIGH LEVELS of borrowing are deterring badly needed new investment in the West Midlands region of the Confederation of British Industry warned yesterday.

Financial strains, in the face of continued recession, have prevented the investment necessary to make companies competitive, said Mr Malcolm Skillicorn, the newly-elected chairman of the region's council.

There was anxiety, particularly in manufacturing industry, he said. Companies in the present depressed market were unable to find buyers for surplus buildings or plant. Further reorganisation usually involved redundancy payments which put further stresses on borrowing requirements.

Business confidence in the West Midlands remains depressed, Mr Skillicorn reported. There was generally no improvement in home orders. One or two companies close to the retail trade, particularly do-it-yourself business, reported a slight improvement. But in engineering there was disappointment that the expected seasonal upturn had not materialised.

Export orders at best had levelled out, and there were suggestions of a deterioration, particularly in machine tools. Use of productive capacity seemed to be slipping.

He reported that redundancies were likely to continue in the manufacturing sector. The CBI report is in line with a survey published this week by the West Midlands Chambers of Commerce, representing mainly smaller companies, who reported a worsening situation during the last three months.

Howden funds 'channelled to Panama company'

John Moore studies the allegation that \$55m in Howden funds was misappropriated

MOST of the \$55m of allegedly misappropriated funds of the Alexander Howden Group were channelled to a Panamanian company secretly controlled by Howden directors between March 1980 and May 1982.

The payments to the Panama company, Southern International Re, were described as reinsurance premiums effected by Howden group insurance subsidiaries and Lloyd's underwriting syndicates managed by the Howden group to provide them with their own insurance protection against large insurance claims.

Southern International did not have the permission of the Panamanian authorities to accept reinsurance business in Panama or anywhere in the world.

Between March 1980 and May 1982 Southern International was paid about \$50m. Alexander and Alexander Services AG, a Liechtenstein company deregistered in May last year, Southern International Re; New Southern Re, another Panamanian company which changed its name to Europe Continental in May 1982; and the Banque du Rhone et de la Tamise, a Swiss registered bank. Prior to August 9 the directors had not disclosed their interest in the companies.

The money channelled to these companies is alleged to have been used for the personal benefit of the directors. Between December 1979 and December 1981 Howden as a company disposed of a 51 per cent stake in Banque du Rhone and then the remaining 49 per cent to a syndicate of unnamed investors headed by Mr Mario Benbassat and Mr Elshahou Zilkha.

Deloitte Haskins and Sells discovered that Mr Grob, Mr Comery, Mr Carpenter and Mr Page were members of the unnamed syndicate that purchased the Banque du Rhone and their purchase of shares was financed by money allegedly taken from Howden.

which are outstanding against Southern. These amounts could be as high as \$20m.

A unique insight into the background of the Howden affair is available as a result of litigation started in the High Court. Alexander and Alexander Services, Inc is suing Mr Ian Fosgate, the former star underwriter for Howden, Mr Kenneth Grob, former chairman, Mr Allan Page, Mr Ronald Comery, and Mr Jack Carpenter, all former Howden executives, for the return of assets and damages. They are defending the action.

Deloitte Haskins and Sells, who were carrying out an audit for Alexander and Alexander after its acquisition of Howden this year, were told by Mr Grob, Mr Comery, Mr Page and Mr Carpenter on August 9 that the four Howden executives had interests in Southern Reinsurance AG, a Liechtenstein company deregistered in May last year. Southern International Re; New Southern Re, another Panamanian company which changed its name to Europe Continental in May 1982; and the Banque du Rhone et de la Tamise, a Swiss registered bank.

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The four executives are understood to have used code names in the shares purchase, according to Deloitte. Mr Page, Mr Carpenter, Mr Grob and Mr Comery are said to have used the pseudonyms of Karol Skysair, Bloomers and Blissful respectively.

Mr Fosgate is alleged to have participated in the deal in the name of "Hereford".

Most of the funds said to have been used by Mr Grob, Mr Carpenter, Mr Page, Mr Comery and Mr Fosgate for the purchase of the first 50 per cent of Banque du Rhone's shares, so it is alleged, were provided by Alexander and Alexander Services, a Panamanian company controlled by the five former Howden executives—by Southern International from money paid to Southern in the form of reinsurance premiums by Alexander Howden and its insurance companies, and by the Howden-managed Lloyd's underwriting syndicates, where Mr Fosgate was the leading underwriter.

The Banque du Rhone is said to be banker to the five former

Howden executives and all the transfers of money between the Howden group and Southern International are alleged to have been passed through Banque du Rhone bank accounts.

Alexander and Alexander managed to acquire 50 per cent of the share capital of the Banque du Rhone this week as part of its efforts to recover assets from the five Howden executives.

Other attempts by Alexander and Alexander to recover assets from the directors have not been so successful. An agreement was reached on August 14 between Mr Grob, Mr Carpenter, Mr Page, and Mr Comery. Under the proposed plan the executives were to return \$29.1m of assets in 48 hours in return, for which Alexander and Alexander and Alexander Howden would start no civil proceedings against the four and would honour all severance agreements.

Among the assets to be returned were the Banque du Rhone shares in L. Texas Petroleum, worth of art, cash, other shares, and a villa in the South of France, the Villa Olivula, together with its contents.

The villa, which was first thought to be owned by Mr Grob, according to Deloitte, turned out to be owned by a Liechtenstein trust—a financial company called Ira Anstalt. It was thought the villa would produce \$3.5m for Alexander and Alexander.

Any transfer of the villa by the trust to Alexander Howden could mean that Howden will be charged French taxes and duties on the proceeds of any sale. Alexander and Alexander has estimated that it will receive only around \$1m.

Moreover, the contents of the villa which Alexander and Alexander reckons are worth around \$250,000, are now the subject of the current litigation. Alexander and Alexander has been able to recover contents worth \$10,000.

Shares in L. Texas Petroleum, estimated to be worth \$1m, which Howden directors said could not be transferred



Mr Ian Fosgate (left) and Mr Kenneth Grob.

because they were pledged against a loan, are alleged by Alexander and Alexander not to be pledged in this way. Only about \$162,750 worth of art works are alleged to have been transferred under the August 14 deal.

expected to receive art worth \$500,000. Alexander and Alexander are also trying to recover a painting by Renoir with a value of \$42,000, a painting by Picasso worth \$200,000, and a painting by the Ameg group, \$200,000. Mr Page owns the Picasso.

Housing progress falters

By Andrew Taylor

HOUSEBUILDERS have started work on more than 130,000 private and public sector homes in the first eight months of this year—more than a quarter as many as in the first eight months of 1981.

Recovery however, has slowed during the summer and total starts in the three months to the end of August, seasonally adjusted, were 9 per cent lower than in the previous three months, although still 19 per cent higher than in the corresponding quarter last year.

Public sector starts during the first eight months of this year were 55 per cent higher than in the corresponding months in 1981. In the June to August quarter this rate of increase had slowed to a 31 per cent rise compared with the same months last year and public sector starts during June to August were estimated to be 20 per cent lower than in the previous March to May quarter.

The figures published yesterday by the Environment Department show a similar trend in private starts. These have risen by 20 per cent over the first eight months of this year and by 16 per cent in the June to August quarter. However private starts during August quarter were 5 per cent lower than in the March to May quarter.

The rise in housing starts is encouraging, but total housing output does not show the same rate of recovery. Fewer starts in previous years has reduced completion.

Housing completions in the June to August quarter were 6 per cent lower than in the previous three months and 15 per cent lower than in the corresponding three months a year ago.

Sovereign group discovers oil in 'premium' block off Shetlands

By RAY DAFIER, ENERGY EDITOR

SOVEREIGN OIL AND GAS has discovered oil in one of the North Sea "premium" blocks, some 62 miles east of the Shetland Islands.

The discovery was made with Sovereign's first well drilled on part-block 3/11b, for which the company paid a \$5m premium fee in the seventh round of licences last year.

The semi-submersible rig, BenVrackie produced oil at a rate of 4,200 barrels a day from Jurassic rock between 5,604 and 5,534 ft below the seabed. The fairly heavy oil is said to have a specific gravity of 24.5 degs, as measured by the American Petroleum Institute. The crude also contains 200 cm ft of natural gas for every barrel of liquid.

Sovereign has a 30 per cent operating stake in the con-

cession. The group, which includes Dow Chemical International Energy (30 per cent) and Dawson (40 per cent), plans to drill a second well.

The find was made less than two miles southeast of a Chevron discovery, announced last year, in the neighbouring block 2/15. Sovereign, Dow and Dawson are members of the Chevron consortium.

The find was also near an earlier Amoco well, drilled on another part of 3/11 which resulted in "oil shows". London and Scottish Marine Oil has released information about its oil discovery on block 3/27, 100 miles east of the Shetlands, which was reported in the Financial Times on Monday.

The well, drilled to a depth of 4,984 ft, produced oil at test

Regions get grants of £39.28m

By James McDonald

AN ALLOCATION to the effect of £39.28m in grants from European Regional Development Fund was announced yesterday by Mr Christ Tugendhat, vice-president of European Commission.

This brings ERDF pay to the UK to £120m this and to £901m since the started in 1975.

Speaking at the St North Wales, plant of De Titanium—the beneficiary of a £3m grant—Mr Tugendhat emphasised the importance of grants for infrastructure projects.

These include airport developments at West York Manchester and New modernisation of British network in Strathclyde; sewer roadworks, special Wales; and development industrial estates.

"It is almost impossible to calculate how many new such infrastructure projects help to secure, but we can say that the new regional grants will contribute to creating or saving 2,241 jobs in Britain Tugendhat said.

Advertisement for Cleveland with large stylized text: 'What makes Cleveland so Special?' and a map of the region.

Warning of Arts Council stringencies

By Antony Thornecroft

"NEXT YEAR is going to be a difficult one for the arts," said Sir William Rees-Mogg, chairman of the Arts Council, presenting the annual report for 1981-82. "There is a real risk that stringency in the arts budget will damage some of our clients."

The Arts Council has told Mr Paul Channon, Minister for the Arts, that it would like £11m for 1983-84. But it has realistically quoted £9.5m as a minimum requirement.

This year the council received £96m, and there are doubts whether the arts will escape the real cuts in Government expenditure being prepared for the next financial year. The Arts Council should know around Christmas how much it is getting, then comes the good or bad news for its 1,200 clients.

Sir Roy Shaw, the secretary-general of the Arts Council, said yesterday that with the squeeze on the arts budget in recent years—the council received £3m less than the rise in the retail price index this year would have warranted—not even companies like the Royal Shakespeare could be certain of financial support.

He wanted a strong arts lobby of the great and the good on the lines of the Caucus for the Arts in the U.S. Senate, to make the case for the arts at the highest level.

Sir Roy drew attention to the fact that all the plays running in Shaftesbury Avenue, London's Broadway, started life in subsidised theatrical companies.

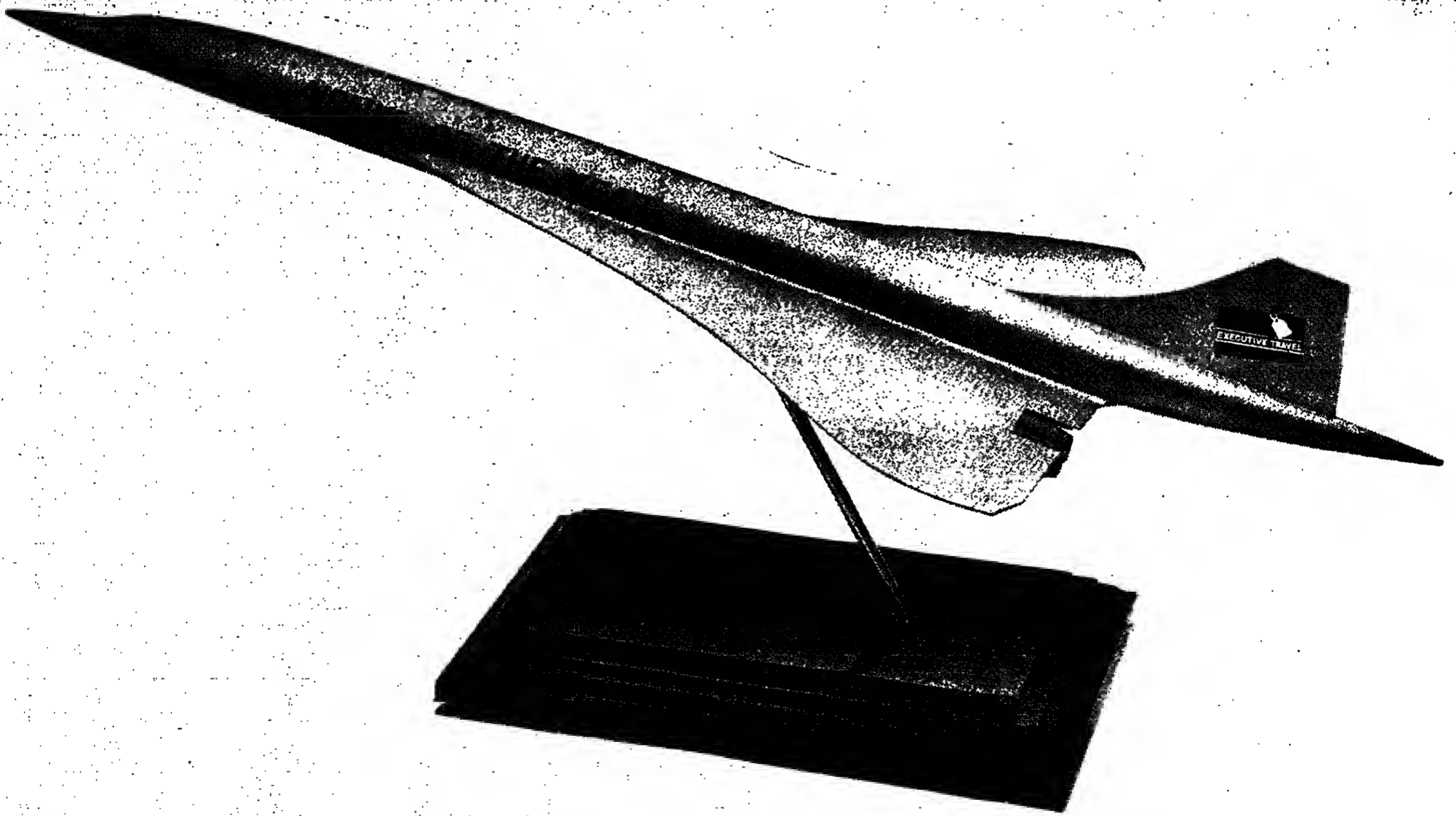
In 1961-62 the Arts Council received £1,745,000 and gave 54.6 per cent of this to the big national companies. Of the 1981-82 budget of £80,470,000 the national companies received 27.6 per cent. The cost of administration was down from 5.8 per cent to 3.9 per cent.

Advertisement for Cleveland with a form to request a copy of the Cleveland Factpack, including fields for Name, Position, Company, Address, Telephone, and a large phone number 222123.

Advertisement for EUROFIMA, a European company for financing railway material, offering DM 100,000,000 in 8 1/2% Deutsche Mark Bearer Bonds for 1982/1990. Includes a list of banks and financial institutions.

Vertical text on the right edge of the page, including 'Ve' at the top and 'British A' at the bottom.

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UK NEWS

Why STC ended 10 years' collaboration over System X

Jason Crisp looks at the differences between the manufacturers of Britain's computer telephone exchanges

AFTER MORE than 10 years collaboration with its competitors and its major customer, Standard Telephones and Cables has abandoned its commitment to System X — the great British hope in digital public telephone exchanges.

STC has always been the odd company out in the somewhat uncomfortable System X consortium, which included British Telecom, Plessey and GEC Telecommunications. STC has been viewed with some suspicion as its parent company ITT, the U.S. telecommunications giant, with 75 per cent of its equity, had been developing a rival public exchange, System 12.

Friction between STC and the two British-owned companies, particularly developed over the best way to tackle overseas markets, STC always

claimed to be the keenest to sell abroad and the most willing to cut margins to make a sale. At the other end of the scale GEC was most unwilling to cut prices. With very healthy margins in the UK, GEC Telecommunications did not want to spoil its record by loss-leading in export markets.

System X development started in the early 1970s, although it took several years before real progress was made. It is one of the most sophisticated families of computer controlled digital exchanges in the world with a range of advanced facilities.

Its relative sophistication—and subsequent high price—is one reason why it has not yet been particularly saleable overseas. British Telecom which has become increasingly price-conscious as it faces growing competitive pressures has, however,

been anxious to see a fall to exchange prices.

As no one manufacturer can make all of a System X, exchange contracts are currently awarded on a cost plus basis. BT is anxious to move to a fully competitive supply position as soon as possible. It means that even though STC has withdrawn from the field there should, in theory, be sharper competition between GEC and Plessey. The two companies will be required to bid in competitive tender for BT's exchange requirements.

The withdrawal of STC from the market and the increased emphasis on competition is likely to benefit Plessey initially. At present Plessey has the largest share of the development contracts and, therefore, knows how to make more of System X exchanges than GEC. Plessey and GEC are expected to become fully competitive for

Company	Country	Name of Exchange	Lines ordered or installed
CIT-Alcatel	France	E10 and E12	8.5m
Western Electric	U.S.	ESS	N/A
Northern Telecom	U.S.	DMS	5.1m
NEC	Sweden	AXE	4.3m
LM Ericsson	Japan	NEAX 61	3.2m
Thompson-CSF	France	MT20 and MT25	3.4m
ITT	U.S.	System 12	1.1m
General Telephone and Electronics	U.S.	EAX	1.1m
Philips	Netherlands	PRX/D	1.1m
Siemens	West Germany	EWS	0.6m
Stromberg-Carlson	U.S.	System Century	0.4m
GEC/Plessey	U.K.	System X	0.2m

Source: Telephone

trunk exchanges by early next year and for local exchanges by the end of 1983. The dates indicate whether BT thinks the two companies will be able to make those exchanges independently of each other. Theoretically all Britain's requirements for System X could be made in one factory. For security and to ensure competitive pricing BT will require two independent suppliers.

STC argues that because the value added of public exchange

equipment is falling it makes the company's withdrawal from System X logical. In return for its withdrawal it has assured itself of five years of substantial orders for TXE4A, a computer-controlled solid state analogue exchange. TXE4A is proven and in full production.

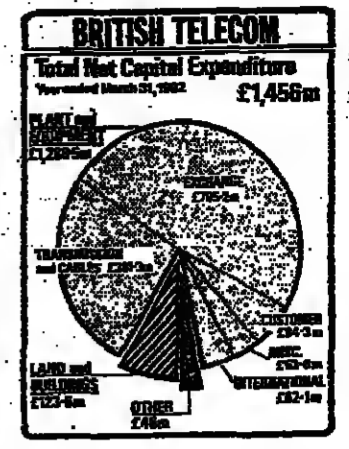
STC sees its future growth coming from private business systems and submarine cables where it is world leader. It claims that the business from public sector switching is diminishing while the market for end-user equipment is growing around 20 to 25 per cent a year.

One of the most conspicuous failures of System X has been the lack of significant orders from overseas. Other less well developed digital exchanges have had a greater success in export markets. This is partly because of lower costs but also

because of substantial loan support and sometimes tie-ups with defence sales. France has been particularly successful exporting telephone exchanges, particularly CIT-Alcatel's well proven exchange.

The re-organisation of System X was warmly welcomed by Mr Patrick Jenkin, Industry Secretary yesterday. Speaking at the Conservative Party Conference in Brighton he said: "System X has been an unhappy story so far with few contracts won abroad. This will strengthen the companies' ability to compete. It shifts the boundary between British Telecom and the companies which will now take more responsibility."

System X ranges from the small rural exchange to a major trunk exchange. In addition to being cheaper eventually they will offer the subscriber several



extra facilities such as abbreviated dialling, automatic transfer of calls and even the ability to identify incoming calls. System X also has an advanced form of voice synthesis which can tell the user how to use all its facilities.

Energy projections vary widely

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has produced a wide range of energy demand projections for its evidence to the public inquiry into the Sizewell B nuclear power plant in January. Figures published yesterday by the Energy Department show that UK energy demand could rise by 60 per cent over the next 30 years—or it could continue to slide, by a further 5.2 per cent.

The Department's report says much will depend on factors such as the rate of economic growth, the price of fuel, exchange rates, energy conservation and alternative fuels.

The Government does not attempt to forecast demand, but points out there are likely to be many surprises over the next 30 years. It also does not project a figure for future UK fuel production, unlike past Government forecasts. Future mismatches of demand and supply for tradeable energy products such as oil, natural gas, and coal, would be balanced by

Price Assumptions*	GDP growth rate: % pa	1980 actual	1990	2000	2010
(HIGH)	2.5	345	380	431	512
\$A5	1.5 (1)	345	360	388	420
\$A5	1.5 (2)	345	352	370	392
\$S5	0.5	345	339	328	327
(LOW)	2.5	345	396	461	549
\$S2	1.5 (1)	345	376	406	444
\$A3	1.5 (2)	345	368	387	415
\$Z7	0.5	345	355	350	353

* Pricing assumptions for world oil price in 2000, in \$ per barrel: (1) High industrial growth (2) Low industrial growth

Imports and exports at world prices, says the report.

However, the report is more specific about electricity needs which are expected to grow at an annual rate of between 4.1 per cent and 2.6 per cent over the next 30 years. During the

2000 and a further 25.1-65 Giga-watts between 2001 and 2010.

The report emphasises the need for a mix of both nuclear and coal-fired stations although it says nuclear power would be cheaper. At present nuclear power accounts for about 12 per cent of electricity output as against coal's 83 per cent.

Projections for 2001-2010 indicate that the Government believes a further 18.8-42.8 GW of nuclear capacity will be needed by 2010.

In its statement to the Sizewell Inquiry the Department says: "The Government expects the electricity supply industry to pay due regard to its planning to the need for diversity and security in supply, including an appropriate nuclear component."

It does not specify whether the type of reactor should be the advanced gas cooled type used in the UK at present or the U.S.-designed pressurised water type planned for Sizewell B.

MSC plan gets a dubious reception

By David Goodhart, Labour Staff

The Manpower Services Commission's new Community Programme for the long-term unemployed—which at an initial cost of £575m aims to provide work for 200,000 people a year—was launched yesterday by Mr David Young, MSC chairman.

It replaces the Community Enterprise Programme which provided 30,000 jobs for the long-term unemployed last year at a cost of £145m.

The programme was announced by Sir Geoffrey Howe in July. It has already been attacked by trade unions, voluntary bodies, and some Labour councils.

It is based on work "of benefit to local communities" such as canal clearing and roof insulation for public buildings. It will be organised by local authorities and voluntary organisations.

Participants will be drawn from 18 to 24 year olds unemployed for six months, or people over 25 unemployed for over a year—a total of 1,220,000. It is the intended average range of £90 that has drawn fire.

The National Association of Councils of Voluntary Service has called for a boycott and the National Union of Public Employees may also withdraw support.

The TUC has said that each local programme should be considered on its merits. Supervision will be in the hands of tripartite Special Programme Area boards.

The MSC is looking for local organisations to sponsor projects employing from three to 1,000 people and will refund operating costs up to £440 per employee.

Mr Young said yesterday that 40,000 places on the programme had already been provided, with 17,000 from voluntary bodies. He also said that as soon as the quota of 130,000 places had been filled the MSC would be asking the Government for more money.

Some of the work will be part time which will benefit 200,000 people a year, he said. Projects will not replace existing jobs. The commission is worried by trade union reservations. It said last night that the programme would not be workable without their support.

Critics of the scheme would have preferred an extension of the old CEP which paid wages up to £59 a week. Participants on the new programme will be paid the local rate for the job—with a ceiling of £89.



Thornton's shop in Covent Garden Market, London.

Thornton's aims at U.S. chocolate shops chain

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THORNTON'S CHOCOLATES, one of Britain's oldest family-owned confectionery companies, which makes a range of up-market Continental-type chocolates, is seeking to break into the lucrative U.S. market.

This month it opens two confectionery shops in central Chicago which it hopes may eventually lead to a chain of 100 shops throughout the U.S.

Mr Tony Thornton, the company chairman, was enthusiastic yesterday about the prospects for the venture after the opening of the first test shop in Chicago on Saturday. "First reports say that the Americans are especially keen on our toffee," he said.

Toffee started the company off in Sheffield in 1911, and still accounts for some 30 per cent of the £23m confectionery turnover.

Another 30 per cent of sales comes from boiled sweets. The remaining 40 per cent is provided by speciality chocolates.

Thornton's, unlike the giants of the confectionery world such as Cadbury, Rowntree, Mackintosh and Mars, has diversified into confectionery retailing. It has direct control of some 150 shops, with a further 50 franchised outlets, mainly in the Midlands and the North, though one has penetrated the trendy Covent Garden shopping market.

"With such a relatively short shelf-life for our products, we felt it necessary to keep control of the retail end," says Mr Thornton.

The company does about £300,000 worth of export business with Europe and Australia. It decided that the massive potential of the U.S. market offered the best vehicle for expansion.

Thornton's has designed its packaging and shop fittings in the U.S. on an Edwardian theme, since the company was founded in 1911.

Although Americans will be able to enjoy most of the range of chocolates the company's famous truffles, with rum, kirsch, brandy, and whisky, will not be sold in the U.S. "This is because the U.S. drug laws do not allow us to sell chocolates flavoured with real alcohol," he said.

Sharp rise in business failures

BY CHARLES BATCHELOR

BUSINESS failures rose sharply in the first nine months of this year. Trade Indemnity, the UK credit insurance underwriter, announced yesterday.

Company liquidations and bankruptcies notified by policyholders were 35 per cent higher than in the same period of 1981 compared with a 22 per cent increase in the first half year.

These figures suggest the deterioration in the economy, evident from many official statistics for the second quarter, continued into the third. Trade Indemnity said.

With 2,716 business failures recorded this year, against 2,008

last year, all main trades and nearly every sub-trade reported an increased failure rate.

The engineering and metals industry recorded the largest absolute number of failures—543—increased by 47 per cent in the nine-month period.

Bankruptcies and liquidations in the building and construction sector rose 26 per cent to 431 while the textiles and clothing sector reported a 24 per cent rise to 390.

Failures among furniture and upholstery companies rose 66 per cent to 356 while in the food and agriculture sector

Government 'plans to axe NHS'

By Margaret Van Hattem

THE GOVERNMENT is still committed to plans for the welfare state outlined in the Think Tank paper. Mr Denis Healey, Labour's deputy leader, said yesterday.

"The leak of the cherished plan to abolish the national health service has panicked Mrs Thatcher into pigeonholing it for a few months," he told a meeting of the institute of municipal building management in Blackpool.

"But she and her Treasury ministers are still determined to press ahead as soon as the rot dies down."

Dissidents in and outside the Cabinet believe Mrs Thatcher's retreat is tactical. They are anxious to see her dissociate herself and the Government from the ideas and proposals.

Mr Healey, warning that the ideas had been shelved temporarily, was merely taking up Mr Edward Heath, the former Tory premier, had left off the night before on BBC television.

"Mrs Thatcher's ideological hatred of public enterprise has led her not only to rob the taxpayer and taxpayer of millions a year, but also to inflict profound damage on the British people as a whole."

"What she is doing to the nationalised industries would put any private businessman in jail. The great rip-off of American International had every eye in the City laughing all the way to the bank. The coming sale of British Telecom and British Airways has them dribbling at the mouth."

Bank acts on licensed deposit-taker

BY WILLIAM HALL, BANKING CORRESPONDENT

THE BANK of England has been drawn into an embarrassing row between Barclays Bank, Britain's biggest bank, and Goodwin Squires Securities, a firm of licensed deposit-takers. The firm is suing Barclays because the bank has terminated its cheque-clearing agency agreement with it.

Now the firm has had to close its doors because the Bank has dropped Goodwin Squires Securities from its list of licensed deposit-taking institutions.

Mr Derek Goodwin, founder of Goodwin Squires, says he does not understand why the Bank has refused to renew the firm's licence. He said he believed the move was an attempt "to make me take the screws off Barclays." The Bank of England said yesterday that

there was nothing to stop the firm reapplying for a licence.

Goodwin Squires, based in Haywards Heath, Sussex, provides a banking service for about 150 customers. Until recently Barclays was the agent by which it cleared its customers' cheques. Barclays gave the firm considerable notice that it wanted to terminate the debit-clearing agency agreement.

Mr Goodwin says he has been unable to find another clearing bank to take on the role and this has damaged his business. He has taken his case to the Office of Fair Trading, where he says he received a sympathetic response and is suing Barclays Bank. "I have a right to be compensated for the damage and the maliciousness we have had to suffer," says Mr Goodwin.

The Bank of England's decision not to renew the firm's licence means that it can no longer take deposits.

"The Bank has also removed First Guarantee Trust Company from its list of licensed deposit-takers. The Bank applied last month to have First Guarantee wound up.

Three banks have been added to the Bank's list of licensed deposit takers—Badische Komm. Landesbank, Bank Kees & Hope and Bank of Seoul & Trust Co. BankAmerica Finance, the UK consumer finance arm of Bank of America, has been dropped from the list because it is no longer interested in taking deposits through this vehicle.

Prize Guys battle for their just desserts

David Churchill gives a 'potted' history of the £118m-a-year yoghurt market

THE PRIZE GUYS are fighting it out with the Munch Bunch for what promises to be one of the major growth areas in the food market in the coming decade—yoghurt.

Already Britniss eat 770m pots of yoghurt a year—an average of 13 pots each—and spend £118 in the process. Trade estimates forecast that in the next 10 years the number of pots consumed will rise to 1.6bn worth about £500m at retail prices. Hence the fierce promotional battle.

More than £2m was spent last year on Press and television advertising alone for a share of the fast-growing market, made even more attractive by the relatively static demand overall for food consumption in the UK.

The nation is not eating any more food but is changing its eating habits. The food markets that benefit from these changes—consumer tastes are those which most food manufacturers are eager to exploit.

The heavyweight contenders in the battle of the yoghurt pots are two of the major dairy companies—Unigate and Express Dairies, part of the Grand Metropolitan empire.

Unigate's front line troops are the St Ivel brand's Prize Guys (featured heavily in television commercials this year) while Express Dairies is overall market leader with its Eden Vale subsidiary's Ski brand.

Last year Eden Vale launched an attack on the important child-rear sector with a range of yoghurts depicting the cartoon characters, the Munch Bunch.

This year Eden Vale has made its major advertising push for a range of "exotic tasting yoghurts" with a tropical theme—passion fruit and melon, for example, or pineapple and coconut.

Mr Brian Whitfield, Eden Vale's marketing director, said: "These are aimed directly to appeal to the increasingly sophisticated adult taste for exotic fruit." (Fresh melon

sales have risen by 46 per cent in three years while mango sales are up 90 per cent.) Sales of tropical fruit yoghurt are already running at a rate of 50m pots a year after only three months in the shops.

The range of yoghurt flavours in the shops—and their growing popularity—is a far cry from the position two decades ago, when yoghurt was seen as a health food rather than an appetising dessert.

The appeal of natural yoghurt was limited so the manufacturers adopted the classic marketing ploy of developing both the contents and the image of the product. In the mid-60s real fruit, rather than just fruit flavouring was added to yoghurt, Eden Vale led the way with its Ski brand—a move which not only paved the way for the overall market growth over the past decade but also gave Ski brand leadership, a position it has held ever since.

Nine out of ten pots of yoghurt sold now are fruit yoghurts. Plain yoghurt is very much in the minority, although there are signs that it is being used increasingly for cooking (as an alternative to butter or cream in soups, sauces, or dressings).

Yoghurt's rapid rise in the 1970s—volume sales more than trebled from 206m pots in 1970 to 682m in 1980—was due to a number of factors. Consumer lifestyles, for example, have gradually changed over the last decade, with a steady rise in the number of working women, more television viewing and greater emphasis on leisure activities. This has meant a breakdown in the traditional family meal patterns and has established a need for instant, ready-prepared foods.

At the same time, consumers have become more aware of "healthy living" and more concerned about "over-processed" foods. Consequently, the trend has been for convenience foods—such as natural and healthy—as possible.

Fruit yoghurts have amply fulfilled the traditional British fondness for sweet desserts, especially among children. Households with children from the largest group of yoghurt consumers and account for half the market—and the habit sticks, so as children grow up, they become lifelong yoghurt eaters.

The major threat to the established branded yoghurt makers has come from supermarkets' own-label yoghurts, which have about a quarter of the market, with Sainsbury's and Marks and Spencer the most popular own-label brands.

Eden Vale's Mr Whitfield, however, believes that the strong brand image and product innovation of the major manufacturers will ensure that branded yoghurts remain more popular than own-label. He quotes the example of a major retailer which last year stopped stocking Ski yoghurt in favour of own-label and subsequently lost 10 per cent of its yoghurt sales.



According to Mr Whitfield, own-label market share is even falling slightly this year, down to 23 per cent from 24 per cent last year. Eden Vale also claims that its own market share is about 36 per cent of the total, with Unigate's St Ivel a long way behind at 15 per cent of the market. Other trade estimates, however, give St Ivel a much larger market share, at between 20 and 25 per cent.

The forecast market growth in the UK is based on a number of assumptions, not least the fact that only about a fifth of consumers at present eat yoghurt regularly (at least once a week). Moreover, UK yoghurt consumption levels are still below those of the rest of Europe—the Dutch consume the most (15.8 kg a head) followed by the French (9.2 kg). UK consumption is about 1.9 kg a head.

But growth will also be encouraged by the endless possibilities and methods of packaging. Savoury yoghurts—such as beef and tomato, curry, prawn, or martial or champagne-flavoured yoghurts—are all being considered by manufacturers as a way of expanding the market.

Jersey to welcome insurance companies

By Eric Short

THE JERSEY Parliament yesterday approved legislation that will allow insurance companies to be established in the island.

But the new law, expected to be in force by next Easter, will open the way only to what is termed "restricted insurance business"—that is to reinsurance and captive insurance business (business transacted by an insurance company owned by a group of companies to cover their own insurance risks).

Jersey insurance companies will not be allowed to conduct general insurance business involving the public.

Insurance companies cannot at present be formed on the island, so Jersey has missed out on this facet in its development as an offshore financial centre. Guernsey has 200 registered captive insurance companies, while Bermuda has 1,500.

Diagnosis doubts

POST-MORTEM examinations show that many patients are treated for the wrong condition despite advances in diagnostic methods, according to a report by the Royal College of Physicians and the Royal College of Pathologists.

It states that "discrepancies" were found when comparing clinical diagnosis with autopsy results.

One survey by consultant pathologist Dr Hector Cameron in Edinburgh found "significant discrepancies" in 15 per cent of cases. In another survey the main diagnosis was confirmed by autopsy in only 61 per cent of cases.

Dan-Air flights

DAN-AIR, the independent airline, is to introduce weekend flights this winter between London (Gatwick) and Aberdeen between Gatwick and Newcastle and between Aberdeen and Newcastle.

The airline will also be introducing direct flights between Bristol/Cardiff and Glasgow three times a week, using 18-seat Bandeirante aircraft.

Other developments by Dan-Air from October 24 will include improved timings on the Gatwick-Dublin route to give better connections at Gatwick to Ingham flights by other airlines.

More home grants

THE GOVERNMENT is to extend its offer of home improvement grants of up to 90 per cent until the end of the 1983-84 financial year. The improved offer was due to run out at the end of this year.

Grants to meet up to 90 per cent of eligible costs are provided for the installation of basic amenities such as inside toilets and hot and cold water systems as well as for substantial structural repairs to homes built before 1919.

More job cuts

EXCAVATOR manufacturers Ruston Bucyrus of Lincoln are to make 140 shop floor workers and 40 staff redundant.

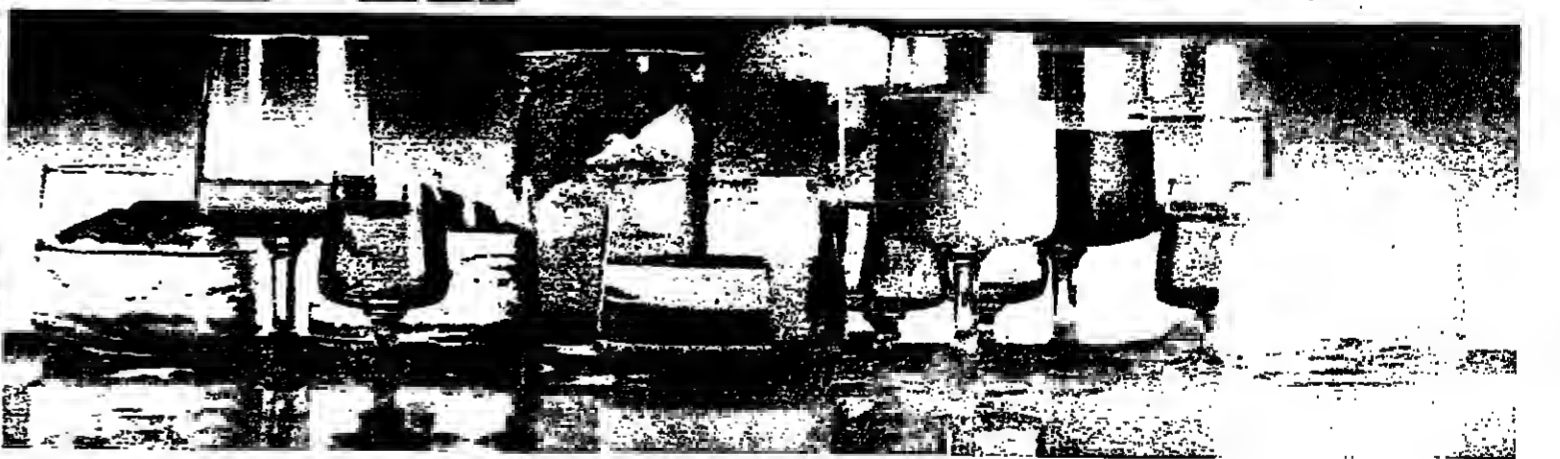
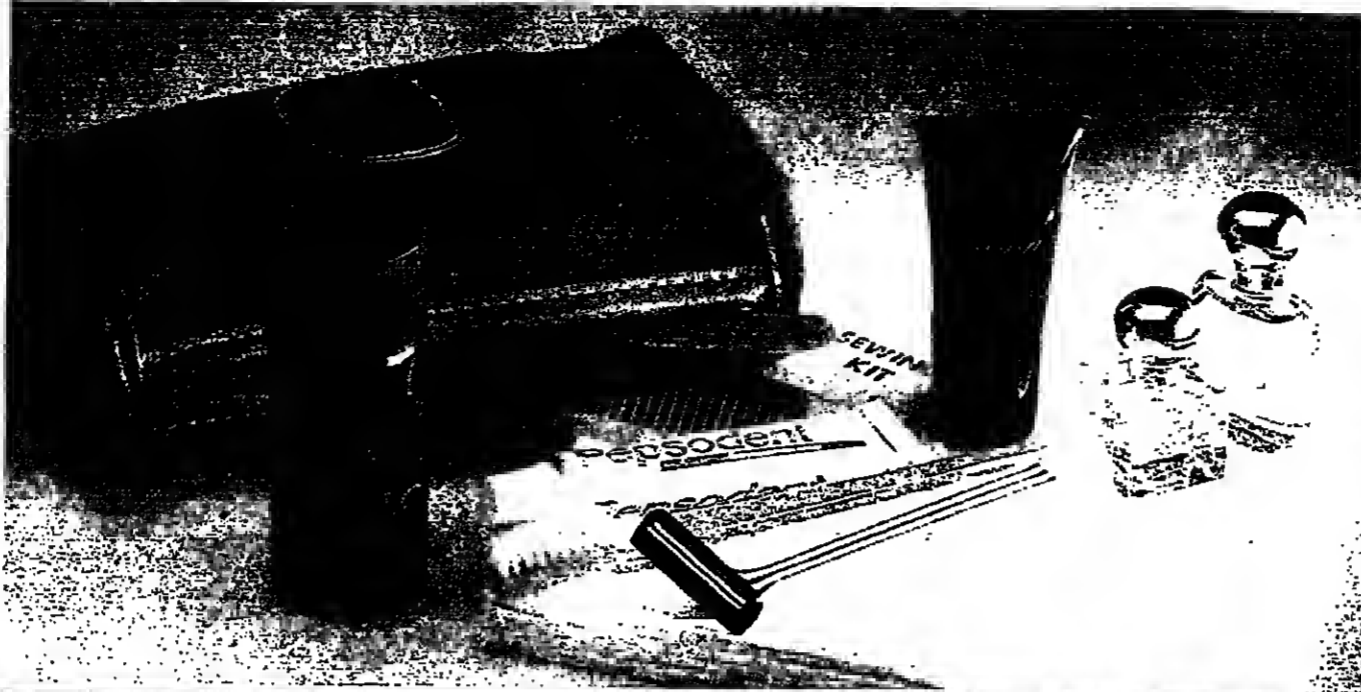
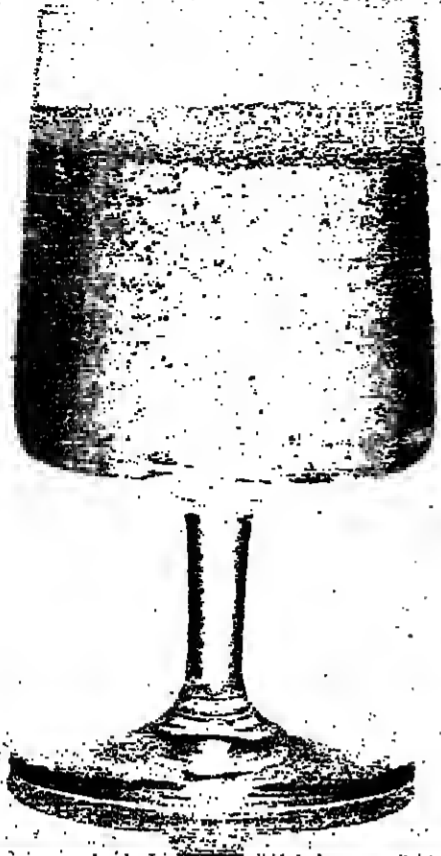
The American owned firm once employed more than 1,000 people at its Lincoln works but over the last three years has cut the workforce to 400. A shortage of orders is blamed for the latest job cuts.

EEC grants

THE RANGE of grants and loans available from the European Community and the conditions under which they can be given are explained simply and clearly in a guide published by the London office of the European Commission.

Finance from Europe, EEC Distribution Dept, PO Box 22, Weston-super-Mare, Avon BS34 9EW, Free.

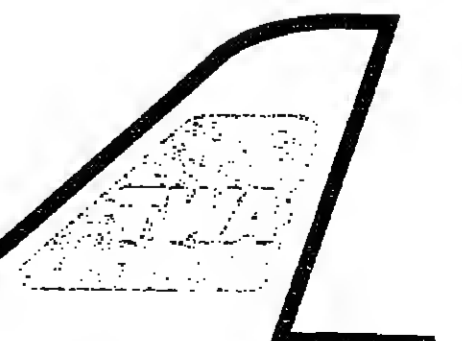
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TECHNOLOGY

EDITED BY ALAN CANE

ELECTRONIC FACTORIES OF THE FUTURE BEGIN TO TAKE SHAPE

Testers will not escape the net

BY GEOFFREY CHARLISH

THERE IS a growing belief in the automatic test equipment (ATE) industry that the printed circuit board testers of today's electronics factories will form a vital part of comprehensive factory data networking in the plants of tomorrow.

ATE, it is felt, will eventually communicate freely with both computer aided design/manufacture (CAD/CAM) workstations and with the business oriented systems that are already looking after such things as customers orders, purchasing, stock control and costing.

That is the long term strategic reason for the recent introduction by both GenRad and Teradyne—market leaders in ATE—of networking facilities for their autotesters.

Complexity

GenRad's marketing support manager in Europe, Brendan Davis, thinks there will have to be a complete change of perspective: ATE will have to be seen not just as a testing machine but more and more as an information gathering resource, branching out to provide other parts of the plant with data via a common database.

Bill Thurston, the company's president and chief executive officer said in London last week that with electronic complexity doubling each year, producing several times the testing difficulty, ATE was bound to become more and more a quality nerve centre for the product—and one quality that might keep the West afloat in electronics.

GenRad already has developed a high speed local area network. Now, the company is using it in its own manufacturing areas to link up in-circuit and func-

tional board testers to a central database. It is the first phase of a development called TRACS—test and repair analysis/control system.

TRACS is a quality management tool designed to increase the yields and productivity of board manufacturing by automating the collection, transfer, analysis and reporting of test and repair data. It establishes a comprehensive, real time database encompassing all board test and repair activity, giving the manufacturing manager feedback on faults, yields, trends and test system throughput.

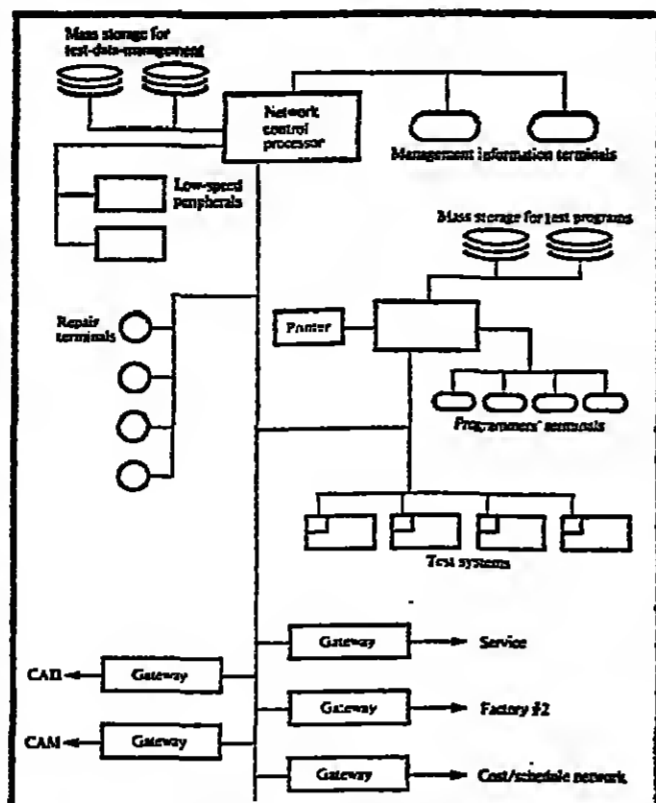
Even manual system testers can be "wired in" and the whole operation is controlled and programmed from a central programming station.

Pieces of paper vanish: anyone needing to obtain or contribute data does so using a screen/keyboard terminal, including operators at visual inspection and repair workstations. The boards carry bar code tags: the operator "wands" the data into the system to allow communication with the correct file in the database.

At its own terminal, the production manager has overall control, TRACS providing automatic real time warnings of possible problems as the autotesters generate their test data.

The rationale behind the new networking product from Teradyne, called Teranet, is basically similar and via various terminals on the net the system can cope with program development and management, test data collection and analysis, department supervision and yield monitoring, and communications with other functions in the factory.

Says product manager Eliza-



GenRad, a market leader in automatic test, believes that this is how networks will be used in the future to link the test equipments together and to programming, control, inspection and repair terminals. Eventually, other factory computers will be linked.

beth Sulak: "Electronics manufacturing is characterised by rapid change and stiff competition as well as increasingly complex product designs. In the test department, this change and complexity translates into longer and more complex job programs as well as greater volume of test data."

Up to 250 automatic test equipments can be connected over Teranet to what Teradyne calls the test system director

or TSD. Transmission rates are said to be 100,000 bits/sec, which is "20 times the rate offered by most ATE manufacturers."

The TSD is based on a PDP-11/44 computer system, 512,000 bytes of main memory and a pair of 10 megabyte disc drives. The TSD via appropriate software deals only with such things as program development and management, test system monitoring and supervision, data collection and analysis and factory communications. Since the test equipment computers are relieved of this work, test throughput is increased, says Teradyne.

"The information," says Sulak, "can be used to analyse manufacturing failure mechanisms and quickly spot areas in the process that require corrective action, thereby improving product quality."

Networks

Teranet is just becoming available now for the company's major products, and all future products will be able to tie into the network.

A representative system, with all the software and one year of software updates costs about \$150,000.

There seems little doubt that other ATE manufacturers will follow suit with networks of sufficient speed for on-line systems.

Users will probably implement them step by step, adding first a programming station to relieve the load on currently used production testers, then following with test data management and repair stations, and eventually adding gateways to other computer systems. In the UK, GenRad is on 0628 39181 and Teradyne on Esher 62189.

INFORMATION STORAGE

A 'record' of 6,000 pages plus

BY ALAN CANE

IMAGINE ALL four volumes of the London Telephone Directory, then add the Shorter Oxford English Dictionary to the top of the pile.

That is roughly 6,000 pages. Now imagine all those pages impressed on a single long playing record sized piece of translucent plastic together with around 150,000 words, and you have the Mnemos optical information storage disc.

It can be read using a device not unlike a large microfilm viewer. Individual pages recorded on the disc can be picked out and displayed on a clear, steady screen. The alphanumeric data can be read out on a single line display mounted in the keyboard.

Mnemos is a new company set up to exploit a bright idea in information storage. Microfilm and microfiche (the mounted version) can store vast amounts of information very cheaply but are awkward to use and frequently difficult to index. Bell and Howell have produced a mass storage handler with robot arms but at a price of \$329,000 for 35K Mbytes or \$941,000 for 472K Mbytes.

Mnemos saw a need for a cheap way of storing and publishing large amounts of data—parts and spares lists for motor vehicle distributors, legal documents for solicitors and lawyers, procedures manuals for the armed forces and so on.

The Mnemos system combines

electron beam technology (used to write the tiny patterns on silicon chips) with laser, electronic and optical technologies to make it possible for a customer to buy copies of a fully printed Mnemos disc for about the cost of a long-playing record—in lots of 300 upwards.

According to Mr Leon Stuckler, Mnemos president and a former senior executive at Exxon (he is credited with devising the electronic typewriter), "We have eliminated much of the expense and inefficiency associated with current micrographic and computer based storage and retrieval systems."

Mnemos call it System 6000 and it is basically a fully automated intelligent catalogue. The design and technology was partly the work of Patriceur, the RnD arm of PA International.

Electron beams are used to write images and digital data (in bar code form) on a glass master from which plastic replica discs are produced.

All the material on the disc is read optically by the viewer. The page images are projected onto the screen; the bar code data is read into a buffer memory which feeds the single line display.

Visual combinations of visual and alphanumeric data are possible on the disc—6000 pages and 150 thousand words or 5000 pages and one million words.

The viewer costs £1500; the maker's claim that the system can lead the user step by step to the required information.

More about the system and the Mnemos production studio on 01-977 4406 or in the U.S. (609) 896 3450.

IMI

for building products, heat exchangers, fluid power, special-purpose valves, general engineering, refined and wrought metals, IMI plc, Birmingham, England

Analysis
New Mettler electronic balances

WEIGHING IN both the macro and semi-micro range is now possible with the electronic analysis balances, type AE160, developed by Mettler Instrument AG, CH-8860 Greifensee, Switzerland. Prolonged pressure on the scales' single weighing key changes the function from indication of weights in the 0-160 gramme range with an accuracy of 0.1 mg (macro) to semi-micro display with an accuracy of 0.01 mg in a range of 0-31 g.

A cheaper model, the AE160, is limited in the macro range. Both balances have been constructed with the weighing cell behind the actual scales, enabling installation of a weighing surface so low that an operative can find stable support for his or her hand on the working table.

Agriculture
Table bandsaw for farming applications

A VERTICAL table bandsaw for farming applications is available from Forester of Whitechurch, Hants. The company says that the new bandsaw are the only ones on the market capable of being tractor mounted using a three-point linkage.

There are six models in the range with a starting price of £390. They are fitted with their own electric motors. More information available on 025 682 2280.

Assay
Measuring coal ash using radiation

IT IS important for coal producers to assess the ash content in their product before it goes to the customer. Some contracts contain financial penalties if the ash content exceeds a stated level.

Wulter Machine has developed a continuous method for measuring ash content which it claims is fast, accurate and low cost. The system operates by continuously measuring the backscatter of gamma radiation from the coal flow. The ratio of radiation back-scattered to radiation absorbed is dependent on the chemical composition of the coal being scanned. Generally the higher the ash content the lower is the amount of backscatter. More information on 0484 46711.

LOANS AT REDUCED RATES

Are available for viable factory projects in steel closure areas. Ring 0563 Industry on 01-486 8346 Ext. 300 or write to us at NLA Tower, 12 Addiscombe Road, Croydon, CR9 3JH.

FORD'S NEW DIESEL ENGINES

'Kent' family offers fuel economy

FIRST TECHNICAL details of a new Ford Kent diesel engine, due to be installed in the front-wheel-drive passenger car range in 1984, were released yesterday at an International Conference at the Institution of Mechanical Engineers in London.

Currently, Ford diesel cars are confined to the larger Granada and new Sierra models in a European market being encouraged to enlarge by structured fuel pricing, particularly in Italy, France and Belgium.

With highly efficient diesel car competitors already available from most of the larger European groups (Volkswagen, Audi, Peugeot-Citroen, Fiat and General Motors), Ford has been developing a dieselised conversion of the Kent engine family for the past two years.

It is based on the pushrod petrol engine which previously powered most of the Ford small and medium car ranges, but has now been almost totally superceded by the overhead cam Pinto unit and Bridgend-built CVH engines.

The new diesel is intended to make use of the existing tooling and facilities at Dagenham as far as possible, to keep investment to a minimum.

Significantly, however, both performance and fuel economy are better than those of the special economy versions offered in the petrol engine range.

This has been achieved by the combination of improved diesel thermal efficiency and scientific

matching of the engine and transmission to suit the vehicle requirements.

According to Ford test results, the new diesel is 10-15 per cent more economical, has a top speed about 5 mph higher (88 instead of 83 mph) and accelerates from 0 to 60 mph in 5 seconds less (18 instead of 22 seconds).

While retaining the cast-iron cylinder block of the petrol engine, the Kent diesel has a completely new cylinder head, also in cast iron but fitted with a direct-acting single overhead camshaft, in-line valves and indirect injection.

To cater for future needs and provide flexibility in the design for the next generation of diesel engine technology, there is the capability to convert the head to direct injection or add a turbo-charger.

Like most current passenger car diesel engines, the Kent uses a Ricardo Comet V swirl type of combustion chamber. Particular attention has been paid to providing the new diesel with the "driving feel" of a petrol engine through the accelerator pedal by tailoring the part-load characteristics and by a two-speed fuel cut-off governor which is more progressive at high revs.

Maximum output of the engine, which has a displacement of 1.6 litres, is quoted as 64 bhp at 4,800 rpm and is the same as that of the 1.1 litre petrol unit used in the Escort and Fiesta.

GEOFFREY HOWARD

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GEOFFREY HOWARD

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NEW ISSUE October 4, 1982

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Announcing the launch of a radical method of tackling unemployment. It's called work.

Like all really good ideas, it's blindingly simple.

It puts the people who want work together with the work that needs to be done.

The people who want the work are those who've been unemployed for some time. 18 to 24 year olds who've been out of work for six months or more, and people 25 and over who haven't worked for a year or more.

And what about the work?

There's all sorts of things that need to be done - but that wouldn't be, without this programme. Which is why we've called it the Community Programme, because it benefits everyone in the community.

It will provide work for people who haven't worked for some time. Paying them a proper wage based on an hourly rate.

And they'll find themselves doing really useful things, such as:

Turning disused buildings into community centres.

Working with children.

Insulating lofts.

Making new parks from derelict sites.

Running creches for one-parent families.

Gardening and decorating for elderly and disabled people.

Cataloguing archives.

Renovating clothing and furniture for use by the social services.

The list is as endless as the needs in the local community.

The Community Programme will provide the money for full or part-time employment for thousands of people.

Not everybody joining the scheme will be working or want to work, full time. But two or three days a week on the Community Programme can pay more than the dole.

But the real benefit is something more than money.

People who've been unemployed for long, long periods will now find themselves with a reason to get up in the mornings.

They'll be doing a day's work alongside other people. In many cases, with the opportunity of being trained in new skills.

And as they regain their self-respect, which too often has been worn away by months and months on

the dole, so they will also rebuild their chances of getting back into permanent employment.

The Manpower Services Commission will provide the resources, but the work itself will come from local authorities, voluntary bodies, the churches, community groups, and industry.


In each case, no work will be taken away from others, as each project must be something that otherwise wouldn't have been done. The Community Programme takes over from the very successful Community Enterprise Programme, which already provides 30,000 places.

But the new Community Programme aims to extend this to 130,000 places. Giving new hope to those who've been without work for so long.

Which is why the Community Programme is receiving wide support, including the CBI and the TUC.

If you'd like to know more about any aspect of the Community Programme, your nearest Jobcentre will be glad to provide the details.

The Community Programme.

Work for people who haven't worked for some time. 

THE CONSERVATIVE PARTY AT BRIGHTON

Parkinson points to Alliance threat

A WARNING that more Conservative than Labour-held seats were under threat from the Social Democratic-Liberal Alliance was given at the conference yesterday by Mr Cecil Parkinson, the party chairman.

He stressed that of 50 constituencies where the Alliance believed it had the greatest chance of success, 78 were now represented by Conservative MPs.

Mr Parkinson commented: "So much for the Alliance replacing the Labour Party. What it is trying to do is to split the non-Left vote and that could allow the Labour Party to win."

He underlined his concern about the impact being made by the Alliance by insisting that SDP and Liberal leaders should be given less exposure on television.

The Alliance claimed to be a single entity, he said, and it should be treated as such. It was wrong that individual Liberal and SDP representatives should be allowed to give their views on every issue.

Mr Parkinson strongly attacked Mr David Steel, the Liberal leader, for accusing Mrs Thatcher of having sought to gain party political advantage out of the achievements of British forces in the Falklands.

Mr Parkinson suggested that the reason for Mr Steel's change of identity from "Mr Nice in Mr Nasty" reflected the fact that he was getting desperate.

The Conservative chairman went on to call for a wider application of the sense of national unity and purpose which marked the Falklands campaign.

He accepted that the high level of unemployment would be a major issue at the next election but predicted that attempts to lay all the blame on the Government would not succeed.

Labour and Alliance leaders were trying to mislead the most vulnerable in the community into believing that there were easy solutions to the unemployment problem.

Mr Parkinson cited the "abandonment of the socialist experiment" in France as further evidence that there were no practical alternatives to current Government policies.

He declared: "People know that unemployment is an immensely complicated issue. It is something which will take time to put right."

Earlier Mr Parkinson described as a "dead duck" the Government Think Tank report, which recommended the dismantling of the National Health Service.

Mr Parkinson was speaking in a BBC interview a few hours before the conference opened. He was questioned about his statement on Monday that the report had been shelved by the Cabinet and also about a statement by Mr Edward Heath, the former Prime Minister, that it should not be merely shelved, but scrapped.

Mr Parkinson said: "I meant by shelved that it is over and done with. It will not be implemented. If Mr Heath is not happy with the word 'shelved' perhaps he will now feel happier with that explanation. It will not be considered any further. It is a dead duck."

The party chairman said there was anxiety in the Cabinet that the health service should be improved. "This idea that we had it in mind to wreck the health service, with the implication that if you did not have money you would not be looked after, is total nonsense."

Nurses and health workers are expected in lobby the conference today as it debates the health service. An official of the Confederation of Health Service Employees said yesterday that the conference organisers had refused to issue tickets to allow a deputation into the hall.

Alison promises more curbs on union militants

CONSERVATIVE leaders yesterday announced the first steps towards making the limiting of unrepresentative, militant trade union leaders a major issue at the next general election. The disclosure was greeted with enthusiastic support from the rank and file at the party conference in Brighton.

Mr Michael Alison, Minister of State for Employment, responded to demands for more radical measures to reform the unions by foreshadowing new legislative proposals would be taken in the next few weeks when the Government launched a public consultation stage.

To cheers he declared: "A new spectre is stalking the corridors of power of the British trade union movement—the spectre of democracy."

Mr Alison said the legislation providing for ballots on the closed shop, which is now in the final stages of its passage through parliament, would introduce democracy at the heart of the trade union movement.

He stressed: "The time is now ripe to introduce it to the head, where the crucial decisions are taken."

Mr Roger Gale, who will fight for the Conservative Party in the forthcoming Birmingham Northfield by-election, said the 3m trade unionists who voted Conservative at the last election were still looking to the Government for measures of union reform.

They wanted to see the balance of power which still rested in the hands of a minority given back to ordinary trade union members.

Mr Gale claimed that the views of ordinary trade union members were seldom reflected by Mr Moss Evans, general secretary of the Transport and General Workers Union. Mr Arthur Scarsill, the president of the miners' union, or by Mr Len Murray, the general secretary of the TUC.

Reports from Peter Riddell, John Hunt, Ivor Owen and Lisa Wood. Pictures by Ashley Ashwood

Jenkin outlines privatisation hopes

A MAJOR expansion of privatisation, including a search for private sector money for BL, was promised by Mr Patrick Jenkin, Industry Secretary, yesterday.

Replying to the debate on the state of the economy, Mr Jenkin said: "BL expects to reach break-even next year and to begin to seek private sector money for its mainstream business—a first step towards returning the whole company to private ownership."

He was applauded when he added: "We owe an enormous debt of gratitude to Sir Michael Edwards."

Mr Jenkin confirmed that before the end of the year he would introduce a Bill to allow shares in British Telecom to be sold to the public. He added: "Labour also left us some state industries whose condition was to use the ongoing medical understate-ment, giving cause for concern; BL, British Steel, British Shipbuilders and Rolls Royce."

They were "bleeding the taxpayer white," and no government of any party could let that go on.

Mr Jenkin said he had been working to ensure that taxpayers' money was used not to perpetuate losses but to rebuild sound and profitable businesses. He also urged consumers to buy British.

His speech followed a debate in which Government policy largely escaped criticism.

The most serious exception was from Mr Ray Godsell, Rugby, a consultant for Ingersoll Engineers, who said engineering companies employing 300 people or less were "in very serious trouble" and would not benefit from the further extension of private ownership.

"This had been called for in a motion moved by Mr Peter Hubbard-Miles on behalf of Aberavon Conservative Association, which the conference passed."

Mr Godsell said he was referring to those eight out of every 10 engineering companies which employed a total of 2m people.

They had slimmed down their workforces, reduced stocks and improved production, but they still lacked orders and remained uncompetitive. They could not afford to pay their rates or to invest in the health and environmental acts.

Mr Robert Atkins, MP for Preston North and vice-chairman of the Aviation Committee, said a future target for privatisation should be the British Airports Authority. It had faults, but an excellent management team. "But it is ripe for an injection of private equity capital."

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There had never been so many councils doing low cost home-ownership schemes with private builders. Decisions on planning appeals had never been extracted more quickly from the Department of the Environment. Private house building starts went up 20 per cent last year and had gone up another 20 per cent, so far, this year.

On home improvements, Mr Stanley announced that local authorities were being told to increase substantially its commitment to the encouragement of private house building, home improvement and public investment in housing in the next round of public expenditure and budget decisions.

Mr Stanley said he welcomed the spirit behind the motion, but said it underestimated what the Government had done already. "It urges us to give more encouragement to private house building. As I hope you have noticed, we have certainly been doing just that, round the clock, for the past three years."

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A STANDING OVATION: Mrs Thatcher leads the applause for Mr Cecil Parkinson (centre), the chairman of the party

Sir Keith to launch fee-voucher scheme

A NUMBER of pilot schemes are to be introduced to encourage more parents to opt out of the state education system by sending their children to fee-paying schools, Sir Keith Joseph, the Education Secretary, announced.

He also indicated that the next Conservative election manifesto was likely to include proposals requiring all university students to meet part of their maintenance costs through loans.

Complaints about the poor quality of teaching, particularly in primary schools, were a recurring theme in a debate on education and Sir Keith's insistence on the need to provide an incentive to poorly run state schools to improve their performance was well received.

He argued that this could best be achieved through the

voucher system under which the money which would be spent on providing a place in a state school is made available to parents who agree to send their child to a fee-paying school instead.

Sir Keith maintained that a properly constructed voucher scheme—and he hinted that it was likely to involve a means test—would create pressure for educational standards to rise.

He envisaged an increase in the number of good, popular, independent schools.

A voucher system, combined with the operation of schemes which permitted a bigger element of parental choice in the state sector, would achieve an even greater impact. Where this was possible, Sir Keith said, some of the least good state schools would disappear and others

might be galvanised into achieving better results.

He looked to local education authorities to co-operate in the introduction of the voucher system, through pilot schemes.

Sir Keith gave no details of the time-scale he had in mind for the phasing out of the present student grant system and its replacement by a mix of grants and loans.

He stressed that loans were used in many Western countries and contended that they could be a means to widen rather than narrow access to higher education.

Sir Keith highlighted the fact that the money which the Government was providing for state schools this year was running at record levels in real terms.

For the primary school child the average was £778

per annum and for a secondary school child under 16 the average was £1,024. For a secondary school child over 16 the average was £1,500.

These record levels of expenditure per child were matched by a record improvement in the pupil-teacher ratio. There were fewer pupils per teacher than ever before.

Sir Keith reminded critics of the poor standards of literacy and numeracy among some children that the parents also had a responsibility.

He accepted that more were needed in the market for children who were not academically inclined. The school programme for such children often "bored them silly" and that was hardly the ideal vehicle to equip them for life.

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Handwritten note: *دولتي نيلو*

Two main craft unions in merger bid

By John Lloyd, Labour Editor

THE EXECUTIVES of the two main craft unions, the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union, are to meet on October 19 to discuss merger plans.

Both are firmly right-winged and have a combined membership of more than 1.4m throughout manufacturing industry. A merger has long been mooted and is a major goal of both leaderships.

The impetus to merge has been given a boost recently by a number of factors, including the depressed state of the AUEW finances and continuing loss of members by both unions.

Talks on building a federation between the EPTU, the General and Municipal Workers' Union and the white-collar union Apex may be in jeopardy after the decision by the AUEW at the Labour Party conference last week not to support Mr Tom Breckell, the EPTU president, in his candidature for Labour's executive.

EPTU officials said that this ended the prospect of a federation.

Substantial problems remain to be ironed out between AUEW and EPTU. Chief is the AUEW's time-honoured structure of district committees, the base of the union's elective pyramid, which runs directly counter to the EPTU's more streamlined industrial structure.

The EPTU has, since the political and organisational transformation it underwent in the early 1980s, banned Communists from holding office, a ban which the AUEW, though right-wing, might be reluctant to emulate.

The AUEW's dominant Engineering Section has been blocked by the courts from effecting a full merger with two other members of the AUEW "family," the construction and foundry sections, through the opposition of the fourth member, the white collar engineering union AUEW-Tass.

Legal difficulties could also prevent a merger with the electricians.

Finally, the EPTU-GMWU-Apex federation could still be on the cards. Meetings arranged before the Labour Party conference have not been cancelled.

Weighell faces suspension threat

By Philip Bassett, Labour Correspondent

LEADERS OF the National Union of Railwaymen will try today to suspend from office Mr Sid Weighell, the union's general secretary, for his part in the row over voting in the Labour Party national executive elections last week.

Mr Weighell's decision not to cast the NUR's 179,000 block vote for Mr Eric Clarke of the National Union of Mineworkers - taken apparently in defiance of the NUR delegation - resulted in the miners losing their seat on the executive.

Today's urgently convened meeting of the NUR's executive committee follows an informal meeting of executive members yesterday, when the issue was discussed in the absence of the union's officers.

It is understood that there was a broad measure of support for moves to suspend Mr Weighell, pending a call for his dismissal at next week's specially-recalled NUR annual general meeting to consider this year's British Ray pay award.

It is still possible that while today's formal executive may consider both the officers' reports of the incident and a report by the NUR's delegation to the conference, a move to suspend Mr Weighell may not materialise.

It is understood that Mr Tom Ham, NUR president yesterday, assured executive members after their informal meeting that the issue would be debated today. But it is believed, he refused a request to step down from the chair of today's meeting because of his alleged involvement in the casting of the union's vote.

The conference would be likely to follow its traditional pattern of supporting Mr Weighell.

A question-mark hangs over the credibility of the left-dominated executive committee following the decision by the annual conference to abandon a strike called by the executive, and the results of elections for the new executive which will take office in January. Those showed large-scale gains by the right.

Another option being canvassed among NUR leaders is that Mr Weighell should be severely admonished for his conduct and that the general secretary should lose the right to cast the union's block vote.

The block vote card would then be held by the NUR president. Since he is elected for a three-year term, unlike the general secretary, who is elected for life, it is felt such a move may mesh a greater degree of control and accountability over the casting of the vote.

Meanwhile, both the other rail unions and BR seem to be staying their hands on any decisions on the McCarthy pay tribunal award of 6 per cent, which firmly tied to productivity improvements, until the outcome of the NUR conference next week is known.

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New clause tabled to Tebbit Bill

By Philip Bassett, Labour Correspondent

THE GOVERNMENT yesterday tabled a new clause to its Employment Bill which will require companies to state publicly their annual progress on arrangements for greater employee involvement.

The amendments to the Bill follow a short period of consultation with industry on proposals which would require companies to make statements in their annual reports describing the action they had taken to introduce employee participation schemes.

These proposals stemmed from an earlier amendment carried in the House of Lords, which was accepted by the Government. The Bill was introduced by Mr Norman Tebbit, Employment Secretary.

Consultations with industry have produced two main changes. First, the threshold figure to which the provision would apply has been raised from a minimum of 200 employees to 250, to bring it into line with reporting requirements for the employment of disabled people.

Secondly, the proposals will apply to companies with existing participation arrangements, as well as to those introducing them.

Though it will become Clause 1 of the Employment Act 1982, the effect of the clause is to amend Section 16 of the Companies Act 1967.

Crewmen protest at job cuts

Financial Times Reporter

FIFTY supply boat crewmen began a sit-in yesterday in Aberdeen aboard Enterprise, a U.S.-registered oil field supply boat, in protest against job cuts.

The sit-in, prompted by redundancies aboard Tartan Sea, a U.S.-owned vessel, tied up in other UK supply ports in the port last night.

Today the National Union of Seamen in Aberdeen will approach the Transport and General Workers' Union to block all services to foreign vessels with alleged cheap-labour crews.

The Tartan Sea, owned by North Sea Logistics, was laid up in Dundee on Monday, resulting in six redundancies, according to the union.

A union official said last night: "UK seamen have reached the end of their tether. They see ships sailing in and out of North-east ports, carrying cheap foreign labour and undercutting UK vessels contracts."

"UK seafarers have said, enough is enough and they are not willing to see the situation continue."

THE Transport and General Workers' Union is to seek the support of the National Union of Seamen and the International Road Transport Federation in its campaign to block imports of the Vauxhall "S" car from Spain.

The idea of seeking support from the NUS and the Road Transport Federation was discussed last week when Mr Alex Kilson, deputy general secretary of the TGWU, who is heading the committee organising the blocking, met union representatives from Vauxhall car factories in Britain.

The TGWU is also believed to be considering appealing for support from dock workers in Spain, as well as those in the UK, not to handle shipments of the car.

Mr Grenville Hawkey, the TGWU's motor industry representative, said: "Certainly we shall be asking for assistance from other unions. But first we shall be concentrating on our own drivers who deliver the vehicles in the UK as well as the dock workers."

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The union pointed out, however, that the car, which is due to arrive in Britain next March, may be shipped in vessels which do not fly British flags.

The NUS last too similar action when it refused to handle goods from Chile for a week.

Seamen could black car imports

Financial Times Reporter

THE Transport and General Workers' Union is to seek the support of the National Union of Seamen and the International Road Transport Federation in its campaign to block imports of the Vauxhall "S" car from Spain.

The idea of seeking support from the NUS and the Road Transport Federation was discussed last week when Mr Alex Kilson, deputy general secretary of the TGWU, who is heading the committee organising the blocking, met union representatives from Vauxhall car factories in Britain.

The TGWU is also believed to be considering appealing for support from dock workers in Spain, as well as those in the UK, not to handle shipments of the car.

Mr Grenville Hawkey, the TGWU's motor industry representative, said: "Certainly we shall be asking for assistance from other unions. But first we shall be concentrating on our own drivers who deliver the vehicles in the UK as well as the dock workers."

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APPOINTMENTS

Motorola chairman

Mr Rod Turvey, managing director of Coder UK, one of the five sectors within Motorola in Britain, has been appointed chairman of MOTOROLA LIMITED. He succeeds Mr Mike Phillips, who has moved to a new position with Motorola in the U.S.

Mr Barry Waite has been appointed managing director of Motorola's semiconductor products sector and assumes overall responsibility for the operation of the MOS facility at East Kilbride. He was with Texas Instruments as manager of their bi-polar logic sector in the U.S.

Mr Keith S. Bales has been promoted to managing director, character merchandising division of WALT DISNEY PRODUCTIONS. The division includes the company's music publishing and record business, general licensing, publishing, character merchandising and direct mail activities.

Reed Publishing has formed a holding company for its recently acquired provincial newspaper interests: Berrows Newspaper Group, Essex County Newspaper and St. Regis Newspaper Group. The company will be known as REED REGIONAL PUBLISHING, and its directors will be: Sir Keith Skinner (chairman); Mr James Cook (finance); Mr Mike Ellis (ESSEX Newspaper); Mr Phil Harris (Berrows); Mr Chris Wilson (St. Regis); and Mr Jeremy van den Arood (personnel).

ARAB LATIN AMERICAN BANK (Arababank) has recruited two more executives. Mr John Elliott, previously with Rudolph Wolff Financial Services and at one time managing director of M. W. Marshall and Co. and subsequently a director of Charles Falcon, will join the London representative office from November 1 as assistant to Mr G. J. MacGillivray, senior representative. Mr Philip Hewitt Brown, previously with the financial publication "Agefi" and at one time manager (investment) in Orion Bank, will join Arababank's head office in Lima to work in the business development and loan syndication sphere.

Mr Lawrence Tindale, deputy chairman of Finance for Industry, has succeeded Sir Trevor Holdsworth as chairman of the BRITISH INSTITUTE OF MANAGEMENT following the annual meeting yesterday. Sir Trevor, who is chairman of GKN, has been appointed a vice-president of the institute. Mr Tindale, who was previously a BHM executive, is chairman of BDM's finance committee, will hold the appointment for two years.

The following 16 members of the institute were elected to the executive committee at the meeting: Dr D. V. Atterton (chairman, Fosco Minsep); Sir Austin Bide (chairman, Glaxo Holdings); Mr C. A. C. Bulpitt (former executive director, Thomas Tilling); Mr J. W. Edwards (proposed City of London Polytechnic); Mr John Finnigan (John Finnigan International); Mr T. S. Garnier (managing director, Kalamazoo); Mr R. B. Horton (managing director, BP Chemicals International); Mr F. J. G. Keenan (director, manufacturing and distribution, Carreras Rothmans); Mr E. A. K. Lester (Keith Lester); Mr S. Mason (head of research and information, corporate finance division, Midland Bank); Mr E. D. Nicholson (managing director, Addis); Mr G. C. Oil-head (director of planning and analysis, Turme Construction Holdings); Mr P. F. C. Roden (director, Roden Driscoll Associates); Mr J. M. Sinclair (administrator, Pilkington Brothers); Mr N. Turner (chairman, Edward Turner and Associates); Professor I. F. Woodward (head of department of civil engineering, Paisley College of Technology). The new members, who were elected after a postal ballot, will serve a three-year term of office.

Mr Geoffrey Higham, executive chairman of Cape Industries, has succeeded Mr C. A. C. Bulpitt as chairman of the board of directors of the BRITISH INSTITUTE OF MANAGEMENT FOUNDATION.

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Yet confronted with a simple computer most adults wouldn't know how to handle it. But your children would.

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So they already have more sophisticated and efficient technology at their fingertips than you'll find in 90% of the offices in Britain.

Makes you think, doesn't it?

A desk-top computer, for example, can not only provide instantaneous information or calculation, but also an inter-office communications system that makes the telephone look like jungle drums.

In factories too, IT is going to revolutionise the businesses that use it. And bury the ones that don't.

Has the revolution started without you?

It's happening now. It's a fact of life. And it's yours for the asking.

Only don't forget to ask.

Right now you're probably wondering what you have to do to get your share.

Or how you can apply it to your life. Or what it is even.

That's what this advertisement is all about. The Information Technology 82 campaign is aimed at bringing this incredible new way of life home to you.

Think of it.

Mind-boggling quantities of information, stored by micro-processors, available in a split second at the touch of a button.

And it's getting cheaper by the minute.

Now you can buy a home computer for under £50 that plugs into a portable TV. It can do complicated tasks which as recently as 1962 would have required a computer the size of the Albert Hall.

That's IT in action.

It's the one thing that gives Britain a once-in-a-century chance to leap into the future in what is already the world's most important industry.

But although Britain helped pioneer computers and all kinds of IT skills, more than 50% of our businesses and industries make no use of it at all. Come what may they're going to have to. And soon.

Is the technology in your local more advanced than in your factory?

In the saloon bar of your local, you're probably closer to the latest technology than anyone in the multi-million pound factory down the road.

Or in any of the local businesses.

Space Invaders.

They came about the same way as the American space programme produced super-glue. An interesting but rather minor by-product. It's fun. And it's familiar to most of us. But the process that makes them work was undreamt of ten years ago.

Don't get the idea though, that it's only for big business.

Theatres use IT for bookings. Musicians to create sounds. Farmers, publicans, builders are all starting to wonder how they ever did without it.

An elderly lady who runs a sweets shop also has a thriving computer business because of it.

So maybe now is as good a time as any to take a look at what IT has to offer.

Because one thing is certain about IT; if we don't learn its lessons now for ourselves, we'll end up having to pay someone else to teach us.



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ST. FERGUS GAS TERMINAL - 1

FINANCIAL TIMES REPORT

Project highlights scale of North Sea investment

By RAY DAFTER
Energy Editor

TODAY'S INAUGURATION, by Prince Charles, of Shell/Esso's gas separation plant at St Fergus, Aberdeenshire, highlights once again the scale of investment and engineering challenge of North Sea oil and gas development.

The plant is at the hub of the Far North Liquids and Associated Gas Systems (FLAGS), a pipeline network costing over £1bn. The pipelines themselves are an integral part of the North Sea venture which, in terms of 1981 pounds, has so far cost well over £31bn.

Last year alone, offshore operators spent £2.8bn on exploration and development—about 20 per cent of total UK industrial investment.

But the inauguration also provides a convenient reminder of the economic risks, the frustrations, and the public wrangling over economic policies that nowadays seem to accompany so many major developments in and around the North Sea.

British Gas Corporation, the recipient of natural gas handled at St Fergus, has pointed out on many occasions that, originally, in the mid-1970s, it was expected that gas would be flowing in 1979/80. Certainly the Corporation could have made good use of the extra gas last winter, when cold weather prompted the record for the level of demand to be broken on six separate occasions.

In the event, British Gas had to draw down stocks, make emergency supplies of substitute natural gas, import an unscheduled shipment of Algerian liquefied natural gas, and suspend deliveries to industrialists who had signed interruptible contracts.

The St Fergus plant, costing almost £250m, and the FLAGS network as a whole, was finally brought on stream at the end of May. It immediately made a big difference to the Gas Corporation's supply pattern.

Handling gas from eight northerly fields, FLAGS is due to deliver up to an average of 600m cubic feet a day of dry gas (methane)—some 12 per cent of the Gas Corporation's current average demand—although the present throughput is nearer 350m cfd.

But FLAGS also handles a very large quantity of natural gas liquids, up to 60,000 barrels a day of ethane, propane, butane and natural gasoline which can be used as chemical feedstocks, as specialist premium fuels or as an ingredient in petrol. And it was the problems associated with the handling of these liquids which led to commissioning delays.

Originally, Shell and Esso had chosen Peterhead, close to St Fergus, as the site for separating the liquids. Planning applications were submitted to Grampian Region and the whole process of a public inquiry was set in motion.

But halfway through the inquiry, in June 1976, Shell discovered its plan to use Peterhead harbour as the shipping terminal for the products involved unacceptable hazards. Model tests showed it was impossible to modify the harbour to allow tankers and gas carriers to remain berthed in all weather conditions.

The public inquiry was abandoned and the search was intensified for an alternative site. St Fergus facilities had to be redesigned.

Finally, Mossmorran, near Cowdenbeath in Fife, was chosen as the site for the fractionation plant. But it was not until the summer of 1979, after the proposed commissioning date for FLAGS, that planning permission was received both for a fractionation plant and an ethane-based ethylene cracker at Mossmorran.

While these plants are being completed, liquids from the FLAGS network are being delivered to Peterhead power station at Boddam.

In sharp contrast to some other coastal developments, St Fergus has benefited from good industrial relations. The

much as £30m a year in costs as a result of the undisclosed pricing and tax arrangement. It is an advantage which has upset some of its major competitors, in particular BP Chemicals.

In part, the controversy stems from the way that the FLAGS—St Fergus—Mossmorran facilities are being treated—quite reasonably—as an integrated system. It could provide a blue-print for future gas collection systems now that the Government has abandoned its plans for a £2.7bn gas gathering networks on the lines of the trunk pipeline system being backed by the Norwegian Government in its part of the North Sea.

FLAGS is centred on Shell/Esso's Brent Field, one of the biggest discoveries in the North Sea with the highest ratio of gas to oil of any UK field now on stream.

For each barrel of oil produced—and output has been running at around 300,000 barrels a day (15 per cent of UK output)—there is nearly 2,000 cubic feet of gas. This gas became a nuisance to Shell and Esso when delays to onshore facilities forced the companies to flare the produced fuel into the atmosphere.

In 1979, the companies were flaring about 350m cubic feet a day, considerably more than the daily gas requirement in Scotland.

the 10.6p a therm average paid for deliveries in the 1981-82 financial year.

It is understood that Elf and Total have agreed to supply gas from their North Alwyn Field at 22p to 23p a therm, for instance.

The reason is plain. British Gas expects its average sales to rise from the present level of 50m cubic feet a day to between 5.5bn and 6bn cfd by the second half of the 1980s. And yet supplies from mature fields, especially those in the southern sector of the North Sea, are dwindling.

The Corporation reckons that to meet demand, it will need about 1.53bn cfd of new supplies in 1990 and 3.57bn cfd in 1995.

According to a study, published last week by stock brokers Wood, Mackenzie British Gas could find itself running short at seasonal periods of peak demand by the winter of 1986 or 1987.

But there is still plenty of gas to be exploited in the North Sea, both in Norway—where the Corporation is about to bid for supplies from the Sleipner Field—and in the UK.

Energy Department estimates indicate there may be up to 64 trillion (million, million) cubic feet of gas still to be recovered from the UK Continental Shelf, more than four times the amount of gas produced so far.

It is likely that a good deal of this gas will be transported to St Fergus for treatment and onward transmission for this windswept stretch of Aberdeenshire coast has emerged as one of Western Europe's most important gas terminals.

Next door to the Shell/Esso facilities is the longer-established Total Oil Marine complex handling the Total/Elf supplies carried through the dual-line Frigg Field system, pipelines delivering about 1.7m cubic feet a day. And alongside both of these sites is the British Gas complex where gas can be compressed, checked and have its peculiar smell added before onward transmission.

It is questionable whether another full-scale gas terminal would be built at St Fergus. British Gas is wary about such a prospect not only because of the need to geographically balance supplies but also because of the security risk of putting so many eggs in one basket.

On the other hand, it is quite likely—almost inevitable—that offshore operators will use the existing Total and Shell/Esso facilities to top up spare capacity when deliveries from existing fields begin to decline. This is already happening in the case of the Frigg facilities which are destined to handle North Alwyn gas.

And Shell has confirmed that it is also seriously considering using St Fergus to handle gas carried through a possible new pipeline from its Fulmar Field. If this scheme goes ahead, extra gas handling facilities will be needed at St Fergus although nothing like on the scale of those being inaugurated today.

The opening of the Shell/Esso gas separation plant at St. Fergus, Aberdeenshire, marks a major step forward in the development of Britain's gas reserves.

2,000 construction, administrative and service personnel involved in the project at the peak cannot be blamed for the delay. According to Shell industrial relations have been among the best in the UK with a little over one per cent lost time.

But controversy surrounding the liquids stream continues. A row has developed among major European chemical companies over the price at which Shell and Esso plan to sell their ethane to their 500,000 tonnes a year petrochemicals plant at Mossmorran. The plant is being built by Esso Chemical, although it is being jointly financed by Shell and Esso.

Last year, Esso threatened to pull out of the £500m project before persuading the Government to accept a special transfer pricing formula for tax purposes.

Some industry experts believe Shell and Esso could be saving themselves as

As a result, the Government instituted a temporary flaring restriction, a move which also reduced oil production from Brent.

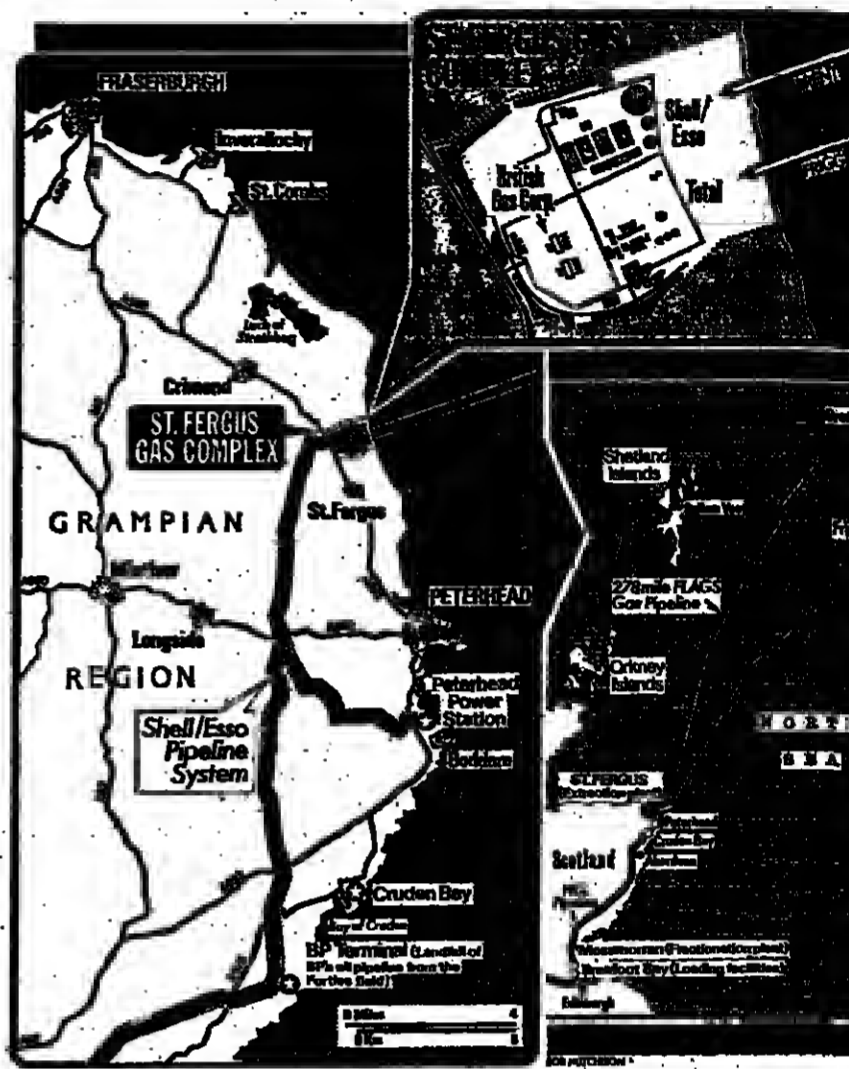
Other neighbouring fields linked to FLAGS and St Fergus are Shell/Esso's North Cormorant and South Cormorant fields, Chevron's Ninian discovery and Amoco's North-West Hutton find.

Earlier this year, agreement was reached among various operating consortia to link three further fields to the system: BP's Magnus, Britoil's Thistle and Conoco's Murchison. This northern leg link to FLAGS is due to be operational next year.

There can be little doubting that British Gas Corporation is keen to buy every whiff of gas that can be collected in this way. Evidence comes from the way that Corporation buyers have been bidding for new supplies from the UK and Norwegian sectors of the North Sea, offering prices in some cases over twice



The gas in the Brent field is a vast accumulation of potential wealth for Britain. When the four Brent platforms are fully operational, the natural gas produced will represent nearly 15% of total UK demand.



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Handwritten signature or initials in a box.

Vertical text on the right edge of the page, including 'FERGUS', 'strategy', 'large flo', 'advantage', and 'The St. Fergus will always our firm su'.

ST. FERGUS GAS TERMINAL - 2

Strategy for harnessing a huge flow of gas

By MARK MEREDITH, SCOTTISH CORRESPONDENT

TURNING ON the Shell-Esso gas separation plant at St Fergus has nearly put the harness on the huge flow of gas from the North Sea's biggest oil field.

There might be 1,885m barrels of oil under the sea bed in the Brent field, 135 miles northeast of the Shetlands. But possibly 3.5 trillion (million million) cubic feet of natural gas and 580m barrels of natural gas liquids—ethane, propane, butane and natural gasoline—are there, too.

To tap the oil meant handling the gas and this presented the two big oil companies, which jointly operate offshore in UK waters, with the task of building the most complex and advanced gathering and processing system in the North Sea.

A strategy had to be developed to cope with the gas, processing it far enough downstream so that it and its associated liquids could be marketed.

There was far too much gas to store—enough, initially, to supply between 8 and 12 per cent of UK demand. Such quantities could also not be stored.

Oil expands as it leaves the pressure of the seabed and gives off gas. The amount and nature of the gas varies from field to field. Some oil produces just a little gas which can often be reinjected into the well to keep the pressure on the oil reservoir.

Other fields, such as Frigg, produce a "dry" gas, straight methane which is the main constituent of natural gas and which can be handled relatively easily once piped to land.

In the Brent field the gas is copious and contained a cocktail of associated natural gas liquids. The gas surges up the

well-head under immense pressures—5,000 lbs to a square inch—enough to shear the crankshafts of pumps re-injecting it down the well.

The gas is also "wet" containing natural gas liquids which needed to be separated out before anything could be done with the gas.

FLAGS, the Far North Liquids and Associated Gas System was set up to deal with these big problems.

Its plan involved a complex of pipelines and processing plant—costing more than £1bn when complete, which would handle as much as 900m cubic feet of raw gas from 12 platforms in eight oil fields.

In its opening phase, however, the system will deliver about 350m cubic feet of gas a day and an average of 35,000 barrels of natural gas liquids.

Further stage

Next year will see the commissioning of a further stage when a pipeline carrying the gas liquids to a separation plant at Mossmorran in Fife is complete.

Here is how the finished project will work.

While oil is piped to the Sullion Voe oil terminal in the Shetlands, the gas and natural gas liquids from Brent are pumped ashore to St Fergus. There, at the gas separation plant inaugurated today, the methane, which amounts to about 80 per cent of the gas, is extracted and sold over the fence to the adjacent British Gas Corporation terminal to be fed into the national gas pipeline grid.

The remaining cocktail of gas liquids, known as NGLs (natural gas liquids) is to be piped down to Mossmorran to be further separated into ethane, propane, butane and natural gasoline to be shipped to markets.

While Mossmorran is being completed a temporary use has had to be found for the natural gas liquids, which could also provide a refuge in future to help cushion any fluctuation in the operations of the system.

Cruden Bay

This involved removing at St Fergus the heaviest of the NGLs, natural gasoline which is used to make petrol, and piping it along with a trace of the next heavier gas, butane, to the BP terminal at Cruden Bay a few miles away south of Peterhead.

There, BP will inject the liquid gases into its pipeline carrying oil from the Forties field which carries on overland to the Grangemouth refinery between Edinburgh and Glasgow.

The remaining NGLs, the ethane, propane and most of the butane will, as part of this temporary measure, be piped down another short spur pipeline to Boddam to fire the new Peterhead power station.

The power station, designed to be oil fired, has been converted to take NGLs as well. One of the two 660-MW turbines is already running on the liquids.

Shell UK Exploration and Production as the operator of the FLAGS project, has also made provision for further separation facilities until Esso chemicals has constructed its ethane cracker next to Mossmorran. The St Fergus plant, once Mossmorran is on stream, will take out the ethane and send it down to Peterhead until the cracker is ready.

Hub of a 435-mile pipeline network

ST. FERGUS is a principal central hub for offshore gas, located just off the shoulder of the Grampian region which leans out into the North Sea.

Here, the British Gas Corporation has its giant receiving station, taking gas provided by the oil companies operating in the North Sea.

Total has been there since the late 'seventies, providing gas from the Frigg Field—enough to meet nearly the entire requirement of Britain on a day of low demand, during a hot summer.

New Shell has moved in beside Total to provide gas from the Brent Field. Although not in as significant quantities at first, the quantities are still enough to meet between an estimated 8 and 12 per cent of UK demand.

More gas may arrive in future with the terminal acting as an input point for gas found in the search for offshore oil-associated gas, as it is called.

Some oil fields with large amounts of gas coming up with oil could not develop without the provision of pumping and disposing of the gas onshore. They would not be allowed to flare it off.

Four big pipelines—three of them 36 in across and one 42 in across—head south to the main regions of demand from cookers and boilers and industry. Half the total users are in a region between Birmingham and London.

British Gas has to be able to meet not only the scope of the demand but the vast variations in gas use from 2,500m cu ft in a typical winter, when even cookers will be used sparingly, to 8,800m cu ft in the depths of a savage winter when central heating and gas fires are taxed to the full.

British Gas can only cope with the vast swings in demand by storing gas. It pushes some underground, down salt cavities at Hornsea, in Lincolnshire, by filling up some spare pipeline capacity under pressure, or by freezing the gas into a liquid—liquid natural gas—and storing it in tanks, dotted about the days when its product was considered something smelly and not nice, has planted most of its piping underground.

Other methods will be to operate the Merombe gas field in the Irish Sea, only in winter and, as the rough field of Hull is developed, the corporation plans to re-inject gas (which is surplus to requirements) back down the well where it came from to await demand.

Flexibility

An important element in this flexibility is the ability to turn off or store the gas the corporation does not need.

But it does not have this flexibility working with offshore gas which comes up with ethane, the associated gas.

To turn off the gas tap from one of these suppliers would have a greatly disruptive effect right back along the line to the oil platform, possibly requiring the whole production system to shut down.

Shell and Esso's gas, pumped over the fence to British Gas at St Fergus, is linked with the pumping of natural gas liquids to Peterhead Power Station and sending natural gasoline down another pipeline to Cruden Bay to link in with British Petroleum's pipeline to Grangemouth from the Forties Field.

Eventually, all the natural gas liquids will go down a pipeline to a gas separation plant at Mossmorran in Fife.

Shell which is the operator at St Fergus, cannot store the gas at its terminal there and it could only send unwanted gas up the flarestack to be burned off.

The St Fergus site shows the varying attitudes of industry about the exposure of its industrial plumbing.

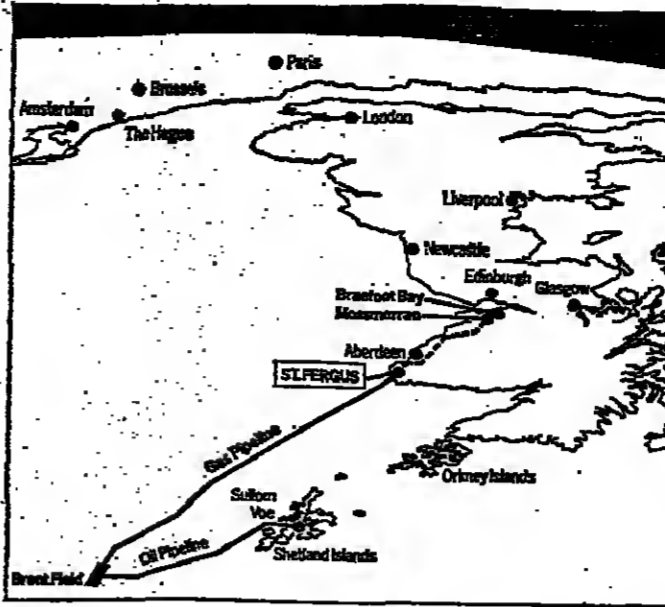
Shell Esso's terminal is a disciplined tangle of pipes and towers whereas British Gas (with a modesty instilled in the days when its product was considered something smelly and not nice), has planted most of its piping underground.

British Gas at St Fergus monitors its suppliers' gas on the way through, Shell Esso's gas is already under the same pressure—1,000 lbs per square inch—as that used by the corporation.

The gas is given a quality check and then an odorant is sprayed into it (to alert the nation's nostrils in event of possible leaks), before it goes into a blender, mixing it with other incoming gas, and on into the pipeline.

Total's gas is "dry"—it does not have associated natural gas liquids, such as Shell Esso. But it is given to the corporation with insufficient pressure-feed directly into the grid. Hence, a line of Rolls-Royce power compressors at the terminal to push more gas into the pipelines.

On the way through, all incoming gas is measured with such yardsticks as the wobble index which combines specific gravity and calorific value of the gas.



Map projection: Richard Clifton Day

St Fergus is the landfall of the 278-mile subsea pipeline that will bring gas ashore from Brent and other fields in the western Leg Gas Gathering System. It is also the starting point for four land pipelines, with a total length between them of over 157 miles.

THE NAMES BEHIND THE FLAMES

Glossary of terms

ONCE OUT of the ground, oil is refined into its heavier and lighter products ranging from thick bitumen up to naphtha, an important industrial feed stock. Gas is also put through a separation process to divide out heavy to light gases each with its special use. Here are some of the names and initials behind the flames:

Methane: Known as C1 and the lightest of the gases. The main constituent of natural gas we use to cook and heat homes. It burns cleanly with no pollution and has a high calorific value—more heat for its weight and volume. Lighter than air, it is safer to use than other gases as leakages dissipate into the air.

Ethane: C2 and the next heavier gas; used to produce ethylene which, in turn, is a feed stock for a large range of products such as plastics, paints, detergents and man-made fibres.

Propane: C3 to the trade and useful for homes and outlying small industries not supplied with natural gas. Bottled under pressure in large cylinders which can be left outdoors because of their low freezing point.

Butane: C4 and the gas used for small gas cylinders of camping stoves and boats using trade names such as Calor Gas or Camping Gaz.

Like propane, butane is heavier than air and leakages do not dissipate as easily.

Natural gasoline: C5 is not to be confused with natural gas or petrol. It is widely used in the manufacture of petrol for cars but needs to be pepped up with additives.

LNG: Liquid Natural Gas; Methane frozen into liquid and only used on a large scale by British Gas as a form of storage for natural gas to use in times of peak demand.

NGL: Not the one above, but rather the "cocktail of gases"—the Natural Gas Liquids which are left over after methane has been extracted; the ethane, propane, butane and natural gasoline, mentioned above.

LPG: Liquid Petroleum Gas; The catchall for bottled propane and butane liquefied under pressure. Used industrially in brickmaking, aluminium smelting and paper manufacturing.

Wet gas: Methane with some condensate or natural gas liquids present.

Dry gas: Nearly pure methane, not requiring much processing for use as natural gas.

Natural gas: Actually a combination of gases. More than 80 per cent methane but with a trace of ethane as well, to boost calorific value.

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Advantages of land pipeline

TO LAY a pipeline 278 miles from the Brent field to St Fergus, north of Aberdeen, across an angry patch of North Sea, was no easy matter.

But taking a pipeline on from St Fergus 138 miles south to Mossmorran in Fife is not so easy, either. It has placed Shell as the operator for the Shell

Esso offshore consortium at the sharp end of pipeline technology and safety.

This land pipeline is different. It will be the first carrying NGLs—natural gas liquids—in any significant amounts in the UK.

At St Fergus, 80 per cent of this gas from offshore is extracted. This is methane which is transferred to British Gas at St Fergus. What is left over, the 20 per cent, are the NGLs to be piped south.

Natural gas liquids are ethane, propane, butane and natural gasoline. Unlike methane which is lighter than air and disperses upwards if there is a leak, these gases do not dissipate as easily.

Propane, butane and natural gasoline, in particular are heavier than air and tend to stay in hollows of ground unless dispersed by wind. They pose a danger and any spark could cause ignition and create a fireball.

Elaborate safety measures have been carried out to protect and monitor the pipeline.

The consortium points out that a pipeline is safer than road transport. To transport as much as 15,000 tonnes of natural gas liquids a day by road on this route would take 500 tankers each carrying 30 tonnes, making the round trip to St Fergus and back.

The first phase of the pipeline has been built from St Fergus down to the outskirts of Aberdeen. The second phase, down to Mossmorran, is about to go to tender.

Security

On its way the pipeline will cross seven major rivers, two motorways, 40 ordinary roads and 14 railway lines—six of them disused. The 20 inch pipeline, less than half the size now used by British Gas to transport natural gas, is to be buried an extra foot deep for additional security.

Possibly three computerised monitoring systems will watch for possible leaks. A final system has yet to be agreed. Every 7.5 miles along the line valves are being installed which can be operated remotely from St Fergus or manually.

At the valve stations an acoustic pressure wave system may be installed. This will measure the sound waves caused by a leak and the difference in the time the sound wave takes to reach monitoring points either side of the leak will help pinpoint the problem for workers.

Another "mass balance" system uses metering stations to check any imbalance in inflow and outflow of gas. A third possibility or combination which may be used is a "rate of change in pressure" system to set off an alarm should a leak cause a drop in the pipeline pressure.

Shell as the operator make it clear that only accidental digging is likely to cause any leaks. The information about trouble with the pipeline is relayed to the control room at St Fergus within seconds. A picture of the problem is built up quickly for action.

The system is designed so that it could be shut down automatically. Closing down the pipeline in case of a false alarm would send huge amounts of gas up the emergency flare stack, so the operators feel that the final decision on a close down must rest with the controller.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Bleak prospects loom for West Germany's graduate scientists

BY ELGIN SCHROEDER

TWO YEARS ago Siemens was having difficulty finding enough graduate engineers. Now West Germany's electrical and electronics giant has virtually abandoned job advertising, and is swamped with applications from would-be recruits. Many of them have to be turned away.

The days when personnel managers from Siemens and the country's other major industrial companies hung around technical university campuses, waiting to sign on new graduates, have suddenly disappeared.

It is no longer only the classical problem cases like teachers, social workers and political scientists who are proving hard to place but also scientists and engineers. There are already 15,000 jobless graduate engineers, physicists, geologists and mineralogists, and the situation is getting progressively bleaker: of the 1,000 chemists who graduated last year, one in five was still jobless by the end of it. One in 10 of the newly qualified physicists was in a similar position.

The Federal labour office, which in 1981 set up a special centre in Frankfurt for graduates, now has roughly 76,000 jobless ones on its books—nearly 50 per cent more than in its early months of operation a year ago. As this number continues to rise, the number of vacancies suitable for them steadily falls—it was down to just under 19,000 at the last count.

Yet retraining schemes—in computer programming, for example—exist only for the 25,000 jobless teachers and humanities graduates. For the rest, the labour office is helplessly commissioning studies on the past



"Of course it's terrible—we were only taught to use theodolites"

and future patterns of graduate employment.

The labour office blames the unemployment situation on the combined effects of prolonged economic downturn and the squeeze on public sector budgets, together with the increasing number of university leavers. It says that employers, in both industry and public administration, are showing "extreme restraint" in filling vacant positions. As a rule only absolutely necessary replacements are being hired.

It is especially junior management—often young university graduates at the start of their careers—who seem expendable, while middle management and particularly top managers are still in demand. Dr Helmut Neumann Management Beratung, a leading

German top executive search consultancy, considers that many companies are searching for "saviours" to lead them out of their acute difficulties in these crisis-ridden times.

Veritable glut

Politicians and economists have lately become more vocal in their warnings that graduates arriving on the job market in the 1980s will encounter growing difficulties, but despite all the discussion, there is little that educational and employment policy makers can do, in view of the veritable glut of graduates.

In the mid-1950s only about 3 per cent of the relevant age-group attended university, but this proportion has now gone up

to 25 per cent thanks to an explosion in funding by the German provinces. Professor George Turner, President of the Standing Conference of Education Ministers, reckons that in future as many as a third of all high school leavers could go on to university if current education policy remains unchanged.

This question is already proving one of the most controversial issues of the nascent federal election campaign. If there is no change in government policy, the annual number of new graduates could reach a climax of 190,000 in 1992, nearly double this year's 100,000. Not before the mid-1990s, when the low birthrate years graduate, would the number of new academics start to diminish.

Industry's own research institute in Cologne, the German

Economic Institute, has now tried to project companies' future demand for graduates and analysed what qualifications they ought to have to fulfil industry's requirements. It has also made proposals for curricula to be made more practice-oriented.

Based on the assumption that economic growth rates will be low and industry's recruiting principles remain unchanged, the institute comes to the conclusion that the job deficit for university graduates will worsen in the 1980s. Companies' requirement for them will hardly increase at all in the foreseeable future, it establishes in two recent studies.

One reason why industry's overall replacement need will be small, says Georg von Landsberg, one of the authors of the studies, is the low average age of existing university-trained executives—39 years. The other, he adds, is, of course, the likely unfavourable development of the economic climate.

Not surprisingly, he predicts that engineers and economists will be most in demand. At 38 per cent and 35 per cent respectively, these professions already make up the bulk of graduates in industry.

Mathematicians and scientists—who together now contribute 11 per cent of the industrially employed university graduates—will also be needed, albeit in much smaller numbers. So will lawyers (9 per cent).

"But anyone who studies sociology, political sciences, let alone psychology, can hardly hope for a job with a company," says von Landsberg.

One of the studies focuses on industry as a whole. It bases

BOARDROOM BALLADS TWENTY-ONE TODAY!

Acknowledgment to A. E. Housman

When I was one and twenty, And starting on my way; And hopes were high, and plenty Of promise in the day; The manager would tell us The future's with the young, So come along, you fellows, And climb another rung!

To gain a reputation, And mix it with the rest, With prospects of a station Up there among the best; Work was a beginning, Facing to the sun, With everything for winning When I was twenty-one!

Now, my one lament is That things are not to be, For current ones-and-twenties, The way they were for me; I wonder, how I'd face it,

To sense I didn't matter, And be a crude statistic In the unemployment data.

For to take the young from school On to the dole, is, as I see it, To make lamentable fools Of the people who decree it! And will we be the nation, When historians look back, Which betrayed a general To the dole queue and the sack?

Beggars can't be choosers Is the counsel of despair, The philosophy of losers Too insensitive to care, That the young were getting Their places in the sun From those who are forgetting When they were twenty-one!

Bertie Ramsbottom

Next week: Wall Street bubble

its findings on answers from 200 enterprises with an average workforce of 8,700, which employ a total of 91,000 university graduates.

The study determines that graduates' employment in industry depends on their field of specialisation, on the sector of industry and on the size of the company. Trading companies, banks and insurance concerns, which accounted for 20 per cent of the firms questioned, employed no engineers. Just as naturally, steel, engineering, electricals and computer companies—another 20 per cent of the total—employed a great many engineers and accounted for 80 per cent of their university-trained staff.

Large companies, the prime employers of graduates, told the institute that their choice of highly qualified personnel is influenced by the ability of applicants "to think in terms of problem solving". Other criteria are: is the candidate dynamic, will he develop initiative, has he practical professional experience? The possession of a doctorate ranked very low indeed in the priorities of the prospective employers.

It is the big companies which will chiefly be in the market for replacements in the immediate years to come, according to the study, since their senior executives tend to be somewhat older than the average for German industry as a whole. But they are not expected to increase their net intake.

The picture is very different

in small and medium-sized companies, which hold a pivotal position in the German economy. In 1970, when the latest census was taken, they employed 62 per cent of the working population and accounted for 1.8m of the total of 1.8m registered German companies.

In the so-called "Mittelstand" sector, a graduate is still something of a novelty, says von Landsberg, especially one with a science training. "As a rule he is relatively young with a lot of his working life ahead of him." So there will be little need for replacement.

Motivating

The second study forecasts that small and medium-sized enterprises will recruit additional numbers of graduates in the next few years, but that the total numbers will be small: only a total of just over 10,000 between now and 1995.

The authors of the study questioned 224 manufacturing firms in chemicals, engineering, construction, textiles, clothing,

and leather, with labour forces of between 50 and 499. Between now and the mid-1990s, the researchers established, medium-sized companies will need roughly 8,000 graduates with commercial training, and only slightly more than 2,000 new graduates with all-round or technical training. The years between 1986 and 1990 will be marked by the slackest

demand, the authors believe. In that period only 2,700 university graduates can expect to find work in smaller businesses, though the subsequent five years should bring an improvement with a demand for 4,500 graduates.

All executives employed by smaller firms were specialised at least in one field, but had to show command of many others as well. Their ability to plan ranked very high. "It is of growing importance," the companies stressed, "that our executives are capable of motivating and leading their staffs and that they are, at the same time, able to work in a team."

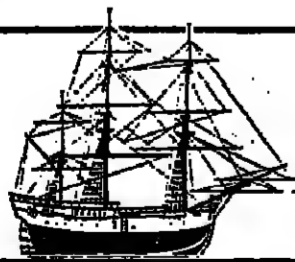
These results prompted the Cologne Institute to make proposals for the reform of university studies. It suggests that graduates-to-be should begin their courses at university by acquiring an all-round education. "Then," the institute went on, "they ought to do practical professional work."

In a third phase, it added, the students should return to university to receive specialised training. The introduction into curricula of communication as a subject to be taught by new methods was strongly advised. The institute called the traditional lectures and seminars "a one-way street" in the transmission of knowledge. It recommended small-group-work and role playing as better preparation for professional life later.

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BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Companies Act and AGMs

Is it not the case that each and every shareholder is entitled under Section 158 of the Companies Act 1948, to receive both a notice of the annual general meeting and a copy of the annual accounts to be presented at that meeting?

I think your reply of July 14 headed "Private company" in Business Problems must have disappointed many readers who cannot get to the annual general meeting and for whom the alternative is to apply to a company agent who will inspect and supply photostat copies of annual accounts at a charge of around £10 per enquiry. Your reply serves to encourage private companies who have claimed the privileges of limited liability to evade their legal responsibilities.

It is correct that shareholders (members) are entitled to receive a copy of the accounts which are to be presented at the annual general meeting. In respect of past years, however, it would be necessary to make a search at the Companies Registry. As a search at the Companies Registry can be effected by postal means it is not necessary, although it may be convenient, to use company agents.

Transfer of shares

I am not satisfied with the performance achieved by the investment management company (a subsidiary of a leading banking group) to whom I entrusted a lump sum. I may therefore decide to terminate the arrangement, and ask them to hand over to me the existing share/stock certificates so that I may manage

the portfolio myself. But since the management is on a discretionary basis, these are registered in the name of a nominee company. May I have your advice relative to my CGT position arising from the theoretical profits/losses on the transfers to my name which such a decision would necessitate? Indeed, bearing in mind that, from the taxman's point of view, there is no distinction between the nominee company and myself, do I even have to report these transfers?

You have nothing to worry about—and as you suggest, you do not even have to report the

transfer of the shares, etc., into your own name. This situation is covered by section 46(1) of the Capital Gains Tax Act 1979: "In relation to assets held by a person as nominee for another person... this Act shall apply as if the property were vested in, and the acts of the nominee... in relation to the assets were the acts of the person for whom he is the nominee (acquisitions from or disposals to him by that person... being disregarded accordingly)."

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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SPAIN'S ELECTION CAMPAIGN

The shadow of the military

By Robert Graham in Madrid

Blaming the Americans

THE INTERNATIONAL banking community, which seems to have subsided into a state of at any rate outward complacency since the first alarms over the Mexican debt crisis were allayed...

Relief This would undoubtedly cause much relief in financial markets, and should produce a substantial fall in real interest rates; but it is not at all clear that it would resolve the debt problem...

Reliance It is the U.S. which has especially put excessive reliance on monetary policy to combat inflation and so imposed high real interest rates on everybody else...

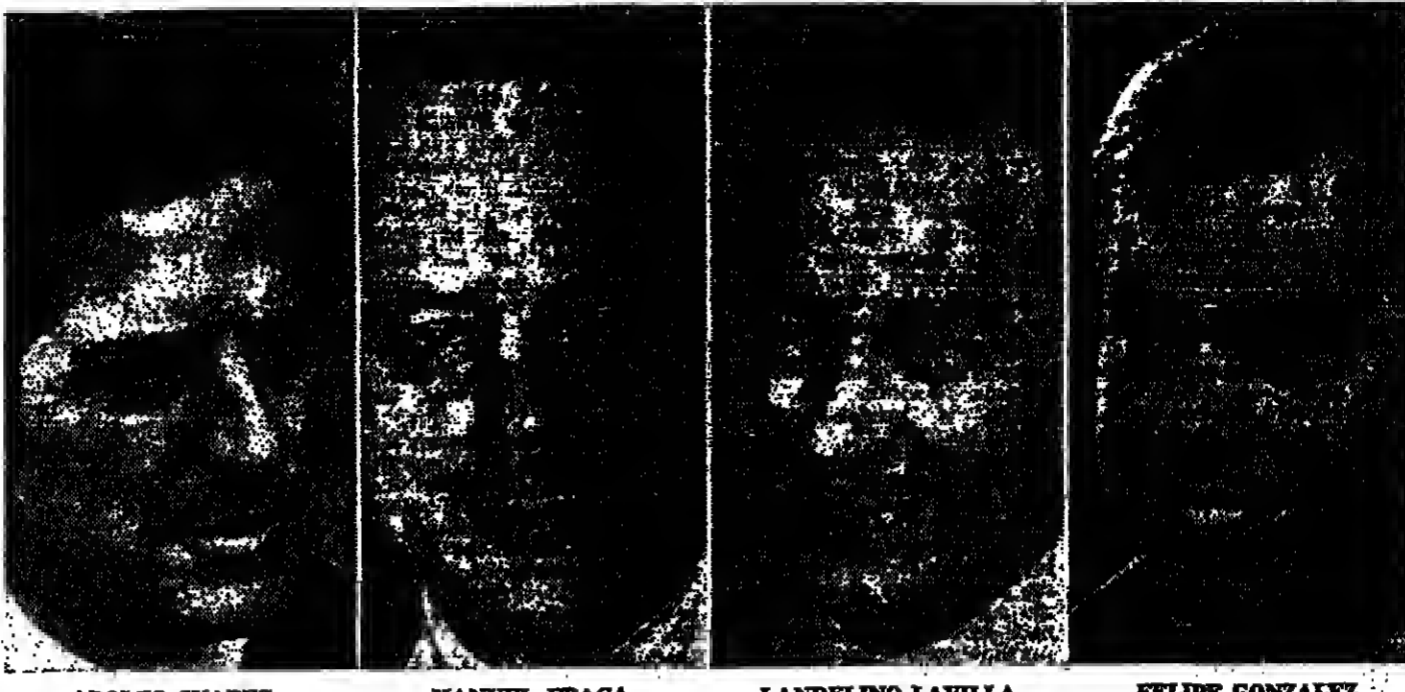
LIKE an uninvited guest at an exclusive party, Spain's disgruntled armed forces are determined to make their presence felt.

The unmaking this weekend of a plot by a group of colonels to seize power on October 27, the eve of Spain's general election, has again raised the question of how civilian authority should treat the military...

Seventeen per cent of the workforce are without jobs and the cash flow problems of Spain's largest private industrial group—disclosed earlier this month—have dramatised the fragile state of the economy...

Alternatively there may be a tacit pact not to rock the boat. This would mean that yet again the political parties are unwilling to confront the military head on.

THE SOCIALISTS themselves cannot afford to be too strident since this would risk alienating integration into its military command structure. They also want to renegotiate the defence treaty with the U.S.



ADOLFO SUAREZ Damaging defection. MANUEL FRAGA Coalition attempt. LANDELINO LAVILLA Too little time. FELIPE GONZALEZ Moderation keynote.

St Oscar Alzara who formed the Christian Democrats (PDP) associated with Sr Fraga. Yet others joined a new Liberal party (PDL).

But the most damaging defection was that of the former Prime Minister Sr Adolfo Suarez. He sought in vain to re-impose his will on UCD but failed and broke out on his own with another Centre party (CDS).

THE COMBINED effect of these defections has been to leave UCD a shadow of its former self, and its supporters in the electorate confused.

electorate confused. Meanwhile the resignation of Sr Calvo Sotelo from the UCD leadership last July has allowed far too little time for its new boss, former speaker of parliament, Sr Landelino Lavilla, to rejuvenate its image.

Indeed the electorate has been confronted by the sorry spectacle of a ruling party carrying an election without any electoral programme and unable to agree even on whom its candidates should be.

The programme was cobbled together so quickly that one candidate, when asked about it on local radio, said he had not yet received a copy.

candidate, when asked about it on local radio, said he had not yet received a copy. Thus the party which steered Spain through the key phases of transition from the Franco regime and which mustered 7m votes at the last election is now fighting to prevent its own extinction.

It is all so different from Spain's first general elections in 1977. Then it was the left which was both fragmented and disorganised and the UCD which occupied not only the centre but most of the space on the right.

Now the Socialist Party is unified, albeit at the expense of alienating the left who are reckoned to represent 25 per cent of the supporters.

Moreover it is the turn of the right and centre to be fragmented with a big rise in the position of AP.

Efforts by Sr Fraga and his supporters within UCD to form a broad Centre-Right coalition collapsed in early September. This would have been the only plausible means of blocking, and perhaps beating, the Socialists.

Fundamentally the coalition failed because of the abrasive character of Sr Fraga and the calculation by Sr Lavilla that an alliance with him would be the kiss of death for UCD's democratic centrist image.

the fight to curb unemployment, by their top priority. With unemployment now over 2m, the Socialists are proposing to create 900,000 new jobs over the next four years.

The Socialists insist that they will encourage small and medium-sized businesses to create new jobs and to control public sector spending. In fact it is only the small print which shows the difference between the Socialist proposals and those of the other parties—on left and right—who have all put their main emphasis on fighting unemployment.

The Socialists intend to be more interventionist, especially over interest rates and to encourage the banks to channel more resources to productive investment.

In private the Socialists are the first to admit that the room for economic manoeuvre is very slim, after five years of recession and in the light of recent major difficulties that have emerged.

These include, to name only three, the cash flow difficulties of the largest private industrial group, Union Explosivos Rio Tinto, the temporary receivership of the largest aluminium producer, Aluminio Espanol, and the problems in the Banca Catalana banking group.

THE MAIN POLITICAL PARTIES

LEFT PCE (Partido Comunista Espanol). Headed by veteran leader Santiago Carrillo. PSOE (Partido Socialista Obrero Espanol). Headed by Felipe Gonzalez. The Socialist Party.

CENTRE AND RIGHT UCD (Union de Centro Democratico). Headed by Landelino Lavilla, the rump of the ruling party in the outgoing government offering a continuation of centrist policy. CDS (Centro Democratico Social). Headed by former premier Adolfo Suarez, offering progressive centrist platform.

AP (Alianza Popular). Headed by former Franco minister Manuel Fraga offering right wing conservative Catholic platform.

REGIONALIST PARTIES CIU (Convergencia i Union). Headed by Jordi Pujol, conservative Catalan nationalist. PNV (Partido Nacionalista Basco). Headed by Xavier Arzallus, conservative Basque nationalist.

Competition in life assurance

A REQUEST by a powerful group of British financial institutions for direct government intervention in their affairs looks suspiciously like the city equivalent of man bites dog.

Damaging Since Dr Vaughan has expressed a predictable lack of enthusiasm for government intervention, a commissions war is now firmly on the cards.

Powerful This is fine as far as it goes. There is a powerful case for supplementing the principle of consent with disclosure of commissions, just as there is a case for supplementing it in the purchase with the disclosure of true rates of interest.

Men & Matters

The few Details of one of the most elite readerships in Britain, may the world, have been leaked to me, but I defy you to guess the publication.

City audit City of London sinners had better watch out. The Reverend Hereward Cooke, the recently appointed incumbent to the parish of St Edmund the King in Lombard Street, is no ordinary cleric.

Hurricane Jack The Law Courts are finding it an interesting experience to take a new admiral on board—the Master of the Rolls Sir John Donaldson.

he sees modern business life. Bearing in mind his qualifications, some of Line Street's black sheep may be alarmed to hear his belief that Lloyd's of London is only now "discovering truth."

Quick read In the staid world of book publishing, Michael Balfour, grandson of the late George Balfour, MP and founder of Balfour Beatty stands out as a high-speed trader who stands every chance of winning astonished glances from traditionalists at this week's Frankfurt International Book Fair.

City audit City of London sinners had better watch out. The Reverend Hereward Cooke, the recently appointed incumbent to the parish of St Edmund the King in Lombard Street, is no ordinary cleric.

Hurricane Jack The Law Courts are finding it an interesting experience to take a new admiral on board—the Master of the Rolls Sir John Donaldson.

Readers' champ I wrote last week about a new computer program designed to spot clichés and kill them off. It has been devised by Julian Allison of Microcomputer Printout.

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UK PUBLISHING

The hard sell for a good read

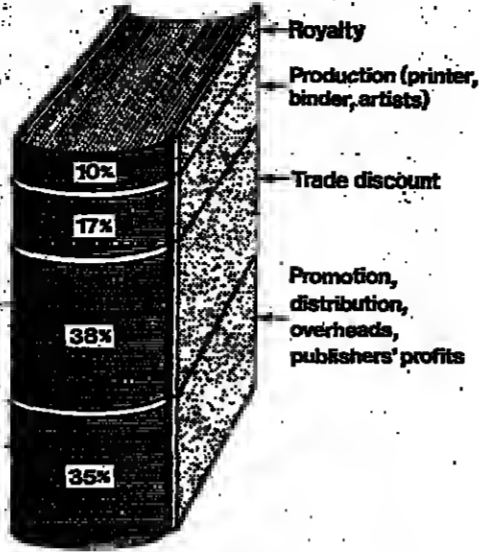
By Alan Pike

THE FRANKFURT Book Fair, a major event in the world publishing calendar, opens today. But the thoughts of many of the British publishers present are this autumn fixed on shop windows at home.

The worldwide use of English gives British publishers an advantage overseas. Last year books worth more than £350m were exported, giving a balance of payments surplus of about £100m. Now, with a co-ordination and style unknown in the past, the industry has turned its attention to the home market in a determined attempt to expand domestic sales through all available outlets.



The Price of a Book



Merion Sedge

seriously affected by cuts in spending on books for public libraries, schools and colleges quite apart from the deadening effects of the recession. Mr Clarke's philosophy is that books have to be sold, and there are plenty of outlets willing to join the traditional bookseller in selling them.

with which our high street outlets do not attempt to compete. However, the independent bookseller is going through a fairly rough time. "The recession has not been kind to booksellers," says Mr Tim Godfrey, director of the Book-sellers Association. "Some one-person businesses with low overheads may be able to hold their costs down and wait for better times, but it is difficult for many bigger shops with staff and other substantial overheads."

The British Economy

The Chancellor's choice: output or inflation

By Alan Budd

IN RECENT months we have had very bad news about output and employment and very good news about inflation. In the light of this news how should we assess the Government's policies? In particular, should the depressing news on output finally persuade the Government to change its policies and start trying to boost demand?

The Government could reply that its only responsibility, as far as macro-economic policy is concerned, is to control inflation and that there is nothing it can do about output and employment. Stated in that form, the argument is clearly wrong. The Government could at any time take steps to expand demand and we would soon see the effects on output. The Government does not deny that (though it, rightly, questions how long the effect would last) and, indeed, its policy responses during 1982 and its choice of monetary targets at the last Budget show that it is prepared to moderate its policies rather than risk an unacceptable decline in economic activity.

The fall in output and rise in unemployment. The world recession has played a key part (and the experience of France shows how little can be done to boost a single economy while all others are turning down). But it would also be wrong to deny the Government's responsibility completely and this does raise an important point.

The Government has to make the short-term choice (even if there is no long-term choice) between output and inflation. It must make this choice partly on its assessment of the "technical trade-off" between the two, ie, how much extra unemployment is needed to reduce inflation by 1 per cent. If experience shows that this cost is far higher than it expected, it should revise its choice. When questioned by the Treasury Committee on this point during 1980, officials tended to argue that we should not base our judgment of the trade-off on past experience since the Government was embarking on new types of policy. The implication was that the trade-offs would be more favourable

to concentrate on reducing inflation, it must believe that the economy will eventually recover of its own accord. This belief has been widely questioned. How, it is asked, is the recovery to come about? Doubts are reinforced by the common complaint from businessmen that what they want is not so much lower interest rates or lower wage costs (though both are welcome) but orders. Hopes for a spontaneous recovery rely on such processes as the "real balance effect" (when the rate of inflation falls below the growth of the money supply). There are also the effects of lower increases in wage costs, which should restore the demand for labour and improve our ability to sell goods in competition with overseas suppliers.

Yet even if one believes in these processes (as I do) it is extremely difficult to know how rapidly they will come into effect. Also it may take some time to wear industry away from the belief (which has been correct for the past 30 or more years) that it can rely on the Government to get the recovery started.

It may take time to wean industry from relying on the Government to start the recovery

In future, the evidence so far hardly justifies that optimism, and one is left with the impression of a Government which marched relentlessly onwards towards the goal of reducing inflation with little regard for the short-term consequences. (Maybe the electorate will think it was right to do so.)

The question of whether the reduction in inflation could have been achieved at lower costs is far more complex. With hindsight I believe that the costs could have been lower had the Government adopted different policies in its first two years of office.

If the Government continues

In spite of the doubts about the strength and timing of a spontaneous recovery, I believe that the Government should stick to its current strategy as set out in its last Budget. Although there is always a temptation to throw good forecasts after bad, I still think that there will be a reasonable growth of output next year. I do, however, believe that the Government should operate monetary policy as flexibly as it can within the generous limits allowed by the Medium Term Financial Strategy. (Recent indications suggest it has already started to do this.) It should continue to do so even if it means a fall in the exchange rate and temporary setbacks in its attempts in bringing down inflation.

The balance of risks now lies towards extended recession rather than towards an explosion of inflation and the Government should adjust its conduct of economic policy accordingly.

Alan Budd is Director of the Centre for Economic Forecasting at the London Business School.

Letters to the Editor

Why Russia's natural gas is much cheaper

From Mr Jonathan Stern. Sir,—Your editorial on the pricing of natural gas in the West European market (September 29) contains one important misapprehension. While as you say, it is difficult to be precise, it appears that the price for new Soviet gas contracts is around \$1 per unit less than the Algerian contracts recently concluded with France and Italy. Given the likely cost of production and transportation systems for new Norwegian gas it is likely that Oslo will require at least the equivalent of the Algerian price.

The big question this raises is whether, given the current concern over supplies from the USSR, West European countries are prepared to pay considerably higher prices for supposedly more desirable non-Soviet gas. However, when one compares the track record of the USSR as a supplier with that of Algeria, the superiority of Moscow is obvious.

This is not to say that the Algerians have no case; but to make that case by unilateral cancellation of projects (West Germany and the Netherlands), peremptory demands for a doubling of the price followed by an embargo (France and the U.S.) and the refusal to adhere to the terms of the Trans-

Industry failing to help itself

From Mr M. P. G. Wright. Sir,—I read with interest the Christopher Lorenz article on the Rooms of the British Malaise, but would observe from my experience British industry fails to help itself.

BR's unused trains

From Mr G. F. Hooper. Sir,—I was appalled to read (Sept 28) that new trains, presumably costing millions of pounds, and electrified lines, also costing millions of pounds, are lying unused on the St Pancras to Bedford line because the unions cannot agree with BR with regard to manning.

If some of the money wasted on the St Pancras to Bedford line had been spent on providing us with an extra train which could be pushed into use at short notice to keep the service going. Perhaps it would even be possible to recruit a driver and guard to man it as well!

Borough (September 24). I would say, however, that you could hardly blame Mr Blackmore if he did not realise that Hammersmith and Fulham has assets worth considerably more than its debt: it is for certain that the Borough's balance sheet suggests that what assets are owned are precisely matched by long-term debt. If the accountant, in his published balance sheet says that there is no capital, I can hardly think that you can admonish a ratepayers' association for not recognizing that the accountant is misinforming them. As soon as the shareholders who were asset-stripped in the 60s, suckers for not realising that £10m of fixed assets really meant £30m.

Scotch Whisky exports

From the chairman of the Information Committee, The Scotch Whisky Association. Sir,—Your columnist Lex claims (September 29) that world demand for Scotch Whisky fell by 10 per cent last year. It would be interesting to know where he obtained that information as he appears to have a source of statistics not available to the Scotch Whisky Industry or to Customs and Excise.

Squabble over the rates

From Mr E. Jones. Sir,—I am sure the ratepayers' association in Hammersmith and Fulham needs little help from me in its squabble with the

New start on milk policy. From Mr L. Rundle. Sir,—Commissioner Dalsager (September 28) puts the Common Market policy on milk production very concisely. However, another view is worth remembering.

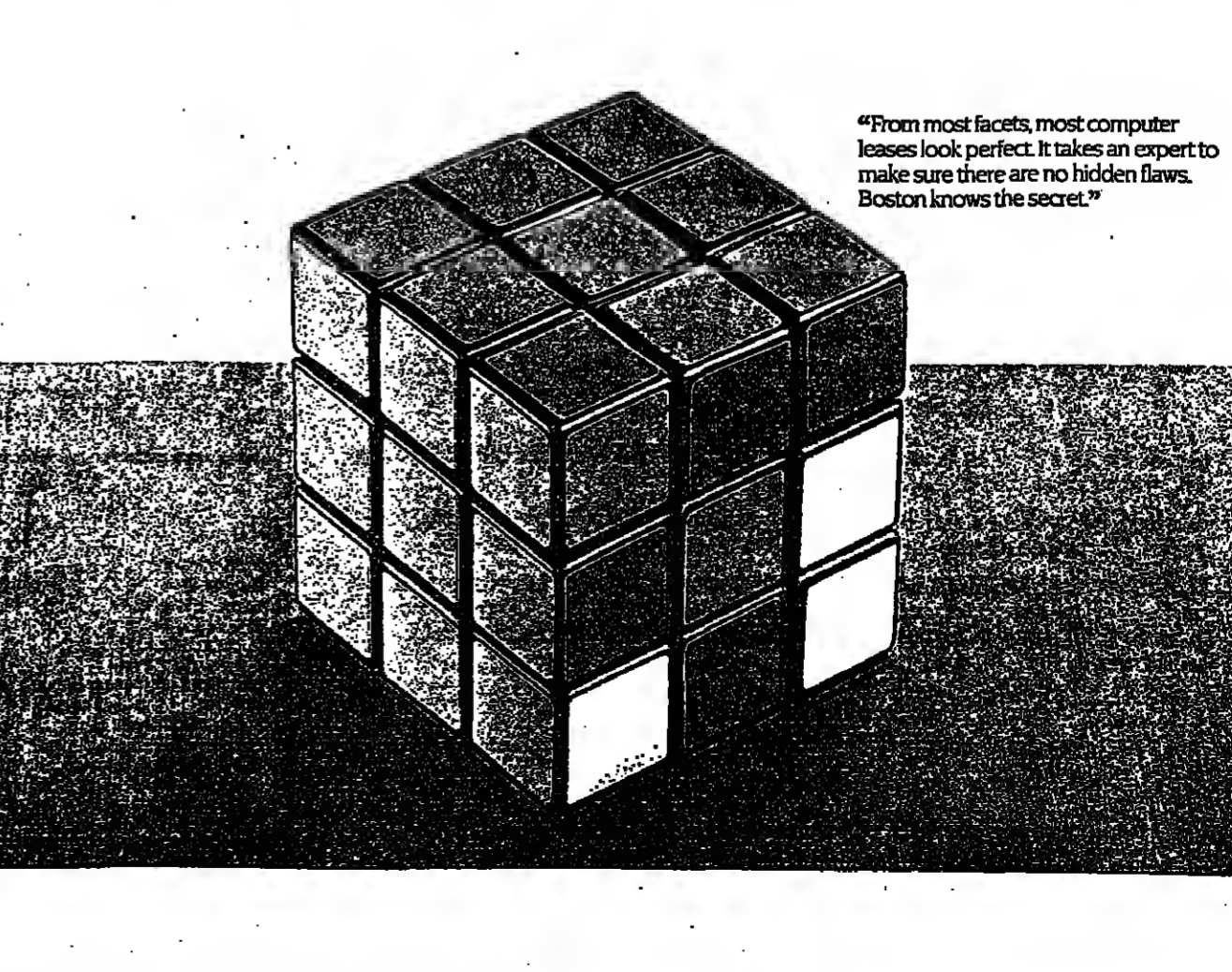
Earlier this year, when Royal Naval ships were being sunk in the South Atlantic, the producers of Kerrygold and Lurpak butter (Ireland and Denmark) did not offer fully operational frigates to help us out. The New Zealanders did; and so when it comes to the purchase of Dairy Produce, we choose Anchor butter on grounds which may be incomprehensible to the worthy men of Brussels.

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Some shrinkage but Sears has optimistic outlook

IN WHAT Mr Leonard Sainer, the chairman, describes as the toughest period for retail trading for many years, Sears Holdings reports pre-tax profits virtually unchanged at £35.2m against £35.9m for the six months to July 31 1982.

Turnover of this footwear retailer and manufacturer—it takes in Freeman Hardy and Willis, True Form, Dolcis, Lilley and Skinner, Mamfield and Saxone—was 5 per cent higher at £747m against £713m.

The interim dividend is unchanged at 0.7p net—last year's total was 2.5p from pre-tax profits of £10.9m.

Mr Sainer says the first half results cannot be used as a guide to the full year. Current patterns in the group's retailing activities are more encouraging, he says, and a good start has been made to the second half.

Commenting on the first half, he says unemployment continued to increase which, coupled with

weak consumer demand, adversely affected retailing businesses. The effect of the worldwide recession has resulted in a 12.5 per cent reduction in group footwear profits. The motor division, on the other hand, showed an increase of 54 per cent in trading profits.

He says the improved engineering results reflect the benefits of the disposal of the textile machinery businesses. The licensed betting offices—the William Hill Organisation—which are always prone to fluctuating results, have been particularly affected by increased betting duty and unfavourable racing results. The 61 offices of the recently acquired Trident Bookmakers can be integrated into the existing business of William Hill with only a small increase in overheads.

A divisional breakdown of trading profits shows (in £m): footwear retailers, £19.5 (£22.3);

departmental stores, jewellery and other retailing, £2.9 (£3.6); motor vehicles sales, service and delivery, £4.3 (£3.8); licensed betting offices, £2.8 (£5.6); property development and investment £4.4 (£4.1); linen hire and industrial laundries, all (£500,000) (In January, the group sold its Consolidated Laundries division of Sears Industries Inc in the U.S.); engineering, £900,000 (£2m loss) (during 1981, decisions were taken to dispose of, or otherwise close, certain loss-making activities within the engineering division).

Pre-tax profits were after interest charges down from £34m to £22m, associates profits unchanged at £600,000 and non-profits of £1.5m (£1.7m). After minorities of £300,000 (same), attributable profits were £20.4m (£19.1m). Earnings per 25p share were 2.5p (2.1p).

See Lex

Seagram Distillers raising £50m

By Ray Maughan

Seagram Distillers, the wholly owned UK subsidiary of the giant Canadian drinks group, is to raise £50m on the London bond market through a long-dated debenture secured on the company's assets.

Linked to a basket of three broadly equivalent gilt-edged stocks by a 1.35 per cent margin, the debenture is to carry a coupon of 12 per cent. The issue price is £98.504 per cent, giving a gross redemption yield of 12.44 per cent. Maturity is 2012.

Like the bond's recent precursors—the stocks issued by BOC, MEPC and Standard Chartered Bank—payment is on a deferred basis, with 25p per £100 due on acceptance and the balance by the end of March.

Seagram will have the option of substituting cash equal to the principal of the stock outstanding, plus nine months' interest, as sole security in place of the security provided by the trust deed.

The accounts for the 12 months to July 31 show net tangible assets of £144.5m. Stocks amounted to £136.47m. Sales of the group's Chivas Regal whisky, Paul Masson Californian Wines, Mumm champagne and other products, climbed by almost £10m to £192.5m but taxable profits slumped by £5m to £23.5m.

The purpose of the issue is to repay variable rate bank debt, shown at £88.5m, on July 31, and other borrowings some of which were incurred to finance the group's recent expansion in the UK, notably the £12m bottling plant at Paisley last December.

The issue was fully subscribed by Morgan Grenfell and placed through brokers Cazenove and de Zoete Bevan.

Bowthorpe improves: £9½m cash call

Bowthorpe, the electronic and electrical components group, is raising £9.5m by way of a one-for-10 rights issue at 235p. The new money will be used to fund overseas acquisitions, notably in the U.S.

At the same time, the company has announced a 7.8 per cent increase in pre-tax profits for the six months ended June 30 to £6.05m from £5.61m last year. Sales advanced to £34.3m from £31m. The interim dividend is raised to 1.573p from 1.521p.

Trading profits went up to £3.48m from £4.89m in the six months. Interest receivable was £7,000 against £31,000 interest payable last year, while share of profit of associated companies totalled £492,000 (£789,000).

Taxation in the six months was £2.94m (£2.53m), while minority shareholders' interest came to £142,000 (£127,000). Profit attributable to shareholders emerged at £3m (£2.5m).

The company intends to recommend a final dividend of not less than 2.273p, making a total of 3.846p for the year, or an increase of 15.3 per cent on last year's dividend, adjusting

for the rights issue.

The company does not make a profits forecast for the year but states that since June 30 1982, "there has been no significant change in the level of trading."

The majority of the subsidiaries and divisions in the UK increased their profit contribution and order intake in the six months, but the company did not provide sectoral figures.

The performance of Tyton Corporation in the U.S. continued to improve, the company stated, but this was more than offset by a downturn in South Africa and Australia. Overall, there was a slight fall in total profit contribution from overseas subsidiaries.

The drop in income from the company's associates is largely due to a significant drop in profit contribution from France. The Japanese associated showed an improvement in the period. Group profit for the six months was also affected by currency exchange losses by about £65,000.

● comment

Bowthorpe's shares have enjoyed a pleasant run in the last year. From 172½p at year end, the shares stood at 232½p before

HIGHLIGHTS

The highlight of yesterday's financial news was the money supply figures for the month to mid-September, which show a 1 per cent increase in sterling M3 taking it to near the top of the target set by the authorities. Lex discusses these figures and goes on to consider the £50m debenture issue by Seagram Distillers which has an unusual feature in that security may be transferred to cash during the life of the issue. The column also looks at Sears Holdings' mid-year figures and British Telecom's decision to rationalise production of the System X electronic telephone exchanges.

yesterday's announcement and shed just 7p on the day. The group has been oblivious to the recession, in fact its return on capital employed has been over 30 per cent for ten years, while trading margins have topped 17 per cent in the same period. Bowthorpe provides lower technology components to the people who make higher technology defence, aerospace and electrical systems and, so far, has been cushioned from the pressures on prices felt by these customers. It's not surprising, therefore, that the company intends to buy higher technology companies in the defence and electronics field, particularly in the U.S.

These businesses will be the integrated into Bowthorpe's well developed export markets. The acquisitions at now under consideration should cost about £5m and should take place in the spring. In the meantime, Bowthorpe will have a balance sheet with £5m in short term securities and more than £9m in cash. A full year pre-tax profit of £12.5m, £1.3m result of between £12.5m and £14m, indicates a fully-taxed multiple of more than 19, using the rights price of 271.4p and allowing for the new shares. The prospective final points to a yield of 2 per cent which is touch more generous than the electrical sector average.

M. P. Kent over £5m at year-end

A RISE from £4.78m to £5.17m in pre-tax profits is reported by M. P. Kent, the Bath-based residential and commercial property developer, for the year to June 30 1982. Trading profits were down, however, from £4.78m to £4.55m, but the pre-tax figure was boosted by a capital contribution of £607,000.

Group sales were slightly lower at £21.32m compared with £22.83m. At the halfway stage, pre-tax profits had improved from £2.07m to £2.86m from sales of £12.4m (£10.37m).

The final dividend is increased by 10 per cent from an adjusted 0.8125p to 0.9p net for a total of 1.26p (1.1p adjusted). Dividends absorb £340,000 against £472,000. Tax for the year was £504,000 (£63,000 credit), and stated earn-

ings per 10p share fell from 11.3p to 9.4p.

Mr M. P. Kent, the chairman, says "borrowings have been eliminated with £4.16m cash and monetary deposits at the year-end. Shareholders' funds improved by £4.1m to £20.2m, an increase of 25 per cent."

Mr Kent adds the existing property development programme is progressing well with major projects due for completion by the end of 1982. The letting market is currently hesitant, therefore the company is being extremely selective in its approach to new developments.

● comment

Yesterday's full-year results from M. P. Kent showed a respectable 8 per cent rise in

pre-tax profits, but compared with its record over the last few years of a rapid growth in profits, usually in the order of 50-60 per cent a year, these figures are a little disappointing. (Analysts had been predicting around £6m in fact, sales fell by 7 per cent and trading profits by 5 per cent—the only thing that kept pre-tax profits from falling was a capital item of £607,000. The company does not disclose what this represents, but it is likely to be the capital gain on the sale of its stake in Federated Land. The balance sheet is looking good; borrowings have been eliminated, and cash in hand now amounts to over £4m. This might well be needed, though, if market conditions continue to be poor for the rest of the year.

Cape Industries dives: interim cut 2.2p

SHAARPLY LOWER pre-tax profits of £1.91m, compared with £2.29m, are reported by Cape Industries for the six months to June 30 1982 and the net interim dividend is cut by 2.2p to 1.7p per 25p share—a final of 1.7p was paid previously.

The figures were struck after much higher interest charges of £2.31m, compared with £1.52m. Turnover was little changed at £12.52m, against £13.13m—the group's interests are in fireproof insulation and other building products, industrial and domestic insulation contracting, brake linings and the distribution of automotive components.

Mr C. A. Higham, the chairman, says although the results show some worsening over the corresponding figures last year, by comparison with the second half of 1981, when a taxable loss of £1.1m was incurred, they show there has been some improvement in the last six months. He adds that this was achieved almost entirely through higher efficiency since, as anticipated in his last annual statement, there has been little, if any, improvement in business conditions. He comments that after some slightly encouraging signs in the

second quarter of the year, prospects now "seem less good."

Apart from interest charges first half profits were subject to depreciation of £3.97m (£4.12m). Tax paid totalled £263,000 (£178,000 credit) and minorities of £13,000 (£9,000) and extraordinary debits of £182,000 (£103m) profits attributable to shareholders emerged £975,000 behind at £1.45m. From this interim dividends absorb £510,000 (£1.17m).

Stated earnings per share are given as falling from 11.5p to 5.4p.

It is pointed out that foreign currencies were converted at rates of exchange ruling at June 30 and comparative figures for 1981 have been adjusted to reflect the rates ruling at December 31 1981.

Commenting on the results Mr Higham says "construction activity in the UK remained at about the same depressed level as last year and sales of building products reflected this. The insulation business, which suffered a severe decline both in volume and price levels in the second half of 1981, showed some slight signs of recovery, but the

outlook remains very uncertain. Compensation continues to be paid to those present or former employees who have valid legal claims by reason of exposure in earlier years. Provision being made in the accounts on the basis of the estimated aggregate liability in respect of claims lodged and outstanding at each accounting date with any additional provision required being charged against trading profit."

A divisional breakdown of turnover and trading profits (£4.22m, against £4.51m) shows: building and insulation £38.53m (£38.96m) and £4.2m (£3.3m) automotive £23.69m (£24.17m) and £225,000 (£173,000 loss). Deductions from trading profits were £254,000 (£156,000) for unallocated central charges and £475,000 (£300,000) compensation for industrial disease. Added were a share of profits less losses of associates totalling £201,000 (£130,000).

Cape Industries is a subsidiary of Chartered Consolidated.

● comment

Workers are not the only ones to suffer from asbestos-related

disease. When the dreadful year end results were announced 1 March, Cape's shares quickly collapsed to 130p, compared with the year's high of 190p. The latest flap over the hazard effects of breathing asbestos dust, however, sent the share spinning down to less than half that level since then. Yesterday's slight improvement on Cape disastrous second-half put it back on a 72p bid, the company's market capitalisation still a paltry third of net worth. Borrowings are slightly up in the period, thanks in part to continued efforts to find asbestos alternatives. This has meant worrying claims in income going to 55 per cent from 31.7 per cent last year. Provisions for asbestos claims knocked 10 per cent off trading profits and the size of future claims are real unknown. Trading improvements, in the meantime, have been won solely from productivity gains. The chairman says that prospects of the year are "seen less good," so a forecast for the full-year is impossible. The prospective yield on 8 reduced dividend is a not-reassuring 7 per cent.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
OCTOBER 21, 1982

FIDELITY PACIFIC FUND S.A.

Incorporated Under the Laws of Panama

Please take notice that the Annual General Meeting of Shareholders of Fidelity Pacific Fund S.A. (the "Corporation") will take place at 2.00 p.m. at the Corporation's principal office, Pembroke Hall, Pembroke, Bermuda, on October 21, 1982.

The following matters are on the agenda for this Meeting:

- Election of Directors. The Chairman of the Board of Directors has proposed the re-election of the eight existing Directors.
- Review of the balance sheet and profit and loss statement for the fiscal year ended May 31, 1982.
- Ratification of the actions taken by the Directors since the previous Annual General Meeting.
- Ratification of the actions taken by the Investment Manager since the previous Annual General Meeting.
- Consideration of such other business as may properly come before the meeting.

Holders of registered shares may vote by proxy by mailing a form of Registered Shareholder's Proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, or from the companies listed below, to the Corporation at the following address:

Fidelity Pacific Fund S.A.
P.O. Box 670
Hamilton 5, Bermuda

Holders of bearer shares may vote by proxy by mailing a form of Certificate of Deposit and a form of Bearer Shareholder's Proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, or from the companies listed below, to the Corporation at P.O. Box 670, Hamilton 5, Bermuda. Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit with the Corporation the certificates for their shares or a Certificate of Deposit therefor prior to the Meeting. All Proxies and Certificates of Deposit issued to bearer shareholders must be received by the Corporation not later than 2.00 p.m. on October 21, 1982, in order to be effective at the Meeting.

By Order of the Board of Directors
Charles T.M. Collins
Secretary

The Bank of Bermuda Limited
Front Street, Hamilton, Bermuda

Fidelity International Management Limited
20 Abchurch Lane,
London EC4N 7AL, England

Bank Julius Bar & Co.
Bahnhofstrasse 36,
8022 Zurich, Switzerland

Kreditbank S.A. Luxembourg
43, Boulevard Royal,
Luxembourg

Queensway House,
Queen Street,
St. Helier, Jersey, C.I.
Tel: (0534) 71696
Telex: 4192260

FIDELITY PACIFIC FUND S.A. is a diversified international equity investment Company managed by Fidelity International Limited. The investment objective of the Fund is to seek maximum capital appreciation. The Fund's assets were invested 42% in Japan, 48% in the U.S.A., 2% in Australia and 8% in cash and others at September 30, 1982. The Fund was launched in December 1969, is now valued at \$100m and the share price has risen 833% from \$9.20 to \$85.92 at September 30, 1982.

Copies of the latest quarterly and annual reports can be obtained from Fidelity International at:

Pembroke Hall,
P.O. Box 670,
Hamilton 5, Bermuda.
Tel: (809) 295 0665
Telex: 0280 3318

Alliance and Dublin court bid fails

Dissenting shareholders in Alliance and Dublin Gas Consumers Co. have failed in their court bid to have the results of last month's EGM declared invalid.

The case was brought by businessman Mr Donal Kinsella, who has tried to remove the board because of his dissatisfaction with the terms of a financial package to equip the company for natural gas.

He based his case on the fact that hundreds of late share transfers had not been registered, but Mr Justice Barnes ruled in the Dublin High Court that the company had taken all reasonable steps to register shares as many transfers as possible.

It is still open to Mr Kinsella to requisition another meeting but the company says it intends to press ahead with a meeting early next month to put the financial package to shareholders. The Government may also step up its efforts to arrive at an amicable settlement.

London and Continental 28% increase

An increase of 28 per cent in pre-tax profits from £160,422 to £205,112 has been shown by London and Continental Advertising Holdings for the first half of 1982. Turnover of this specialist advertising contractor moved ahead from £783,672 to £1.1m.

"The outlook is promising," says Mr John Goffar, chairman of this USA company, and anticipates that the results for the year will be ahead of those for 1981.

In the last full year pre-tax profits amounted to £318,280 or turnover of £1.73m. A dividend of 0.3p net was paid and Mr Goffar now states that the company will be able to continue its policy of recommending the payment of an increased dividend.

Earnings per 20p share for the six months are shown as improving from 0.49p to 0.63p.

Mr Goffar says that last year's acquisitions are continuing to perform well and all the company's divisions have continued to grow. He points out that the successful placing of film convertible stock has strengthened the company's financial base.

CAI recovers to £1.9m

PRE-TAX profits of Cape Allman International, which has interests in packaging, leisure, engineering and fashion, rose to £1.9m for the six months to July 31 1982, compared with £273,000 for the previous period and with £1.1m in 1979-80. The second half of 1981-82 produced £1.54m.

Although the current half year will be difficult, Mr L. J. Manson, the chairman, says that given an improvement in the general economic climate, in particular an increase in consumer spending, 1983 should see the beginning of a steady improvement on the group's profitability.

He points out that the sustained effort made to diversify the group's activities, eliminate excess capacity and reduce the group's fixed cost base is beginning to show through in its results.

Turnover for the year under review declined from £184.5m to £132.97m.

Net interest charges took £5.27m (£5.83m) and after tax this time of £1.41m, compared with a credit of £284,000 previously, net profits emerged £721,000 lower at £238,000. From this minorities took £186,000 (£288,000) leaving attributable profits of £50,000, against £969,000.

Despite a drop in stated earnings of 1.56p to 0.89p a final dividend of 1p maintains the net total at 2p per 5p share. The chairman points out that the dividend is uncovered for the second year running.

Commenting on the results he says substantial improvements by the packaging and engineering divisions were largely offset by a fall in the leisure sector.

The packaging division's sales increased by 20 per cent over 1980-81 and produced a profit of £2.6m following last year's breakeven. The engineering division's improvement was more dramatic. On only slightly increased turnover, profits improved by 75 per cent.

The leisure division encountered adverse trading conditions with a rapid decline in popularity of coin operated video games and a weak market for gaming machines.

During the year the group's net debt was reduced from around £32m to £22m as a result of the disposal programme and the cutback in working capital and capital expenditure.


A divisional breakdown of sales and operating profits shows: packaging £77.52m (£84.61m) and

£2.59m (£1.38m loss); Leisure £41.92m (£44.17m) and £1.81m (£5.46m); engineering £22.43m (£21.47m) and £3.06m (£1.74m); and fashion £18.1m (£18.96m) and £302,000 (£755,000). Divestments added £22.64m (£35.39m) to turnover and £270,000 (£171,000 loss) to operating profits. Head office costs amounted to £1,066m (£964,000).

● comment

Cape Allman's savage hatchet wielding has brought about a timely upturn in packaging and engineering. The traditional profits cushion of the leisure side has fallen sharply away as the company has tried to contend with a short-lived video boom and rapidly changing trends in the gaming machine hiring market. The revival in engineering, arising mainly from special steel business in the U.S., has died away in the first quarter and packaging demand remains in the doldrums so these divisions are unlikely to do any more than mark time this year. The company is looking to a new generation of gaming machines to put some life back into leisure but any hopes for improvement at the operating level must be placed on the second half. Otherwise any gains will depend on lower gearing and interest rates. With profits this time in line with the downward revised market forecasts shares rose 1p back to the 1982 high of 45p yesterday for an historic fully taxed p/e looking to further recovery near 23, and yielding 6.6 per cent.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange



Seagram Distillers PLC

(Incorporated in Scotland under the Companies Acts 1908 to 1917)

Placing of

£50,000,000 12½ per cent. Debenture Stock 2012 at £99.504 per cent. payable as to £25 per cent. on acceptance and as to the balance by 31st March, 1983.

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £5,000,000 of the Stock is available in the market until 10.30 a.m. on 7th October, 1982.

Particulars of the Stock and information about Seagram Distillers PLC will be circulated in the Extel Statistical Services and copies of both documents may be obtained during usual business hours on any weekday, except Saturdays, up to and including 20th October, 1982 from:

Morgan Grenfell & Co. Limited
New Issue Department,
21 Austin Friars,
London EC2N 2HB.

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN.

de Zoete & Bevan,
25 Finsbury Circus,
London EC2M 7EE.

6th October, 1982

Yearlings

The interest rate for this week's issue of local authority bonds is 10 1/4 per cent, unchanged from last week and compares with 16 1/2 per cent a year ago. The bonds are issued at par and are redeemable on October 12 1983.

A full list of issues will be published in tomorrow's edition.

THE NEW THORNTON TRUST P.L.C.


Capital Loss Stock Valuation - 5th October 1982

The Net Asset Value of £1 of Capital Loss Stock is 318.99p calculated on Formula 1.

Securities valued at middle market prices.

LADBROKE INDEX

575-580 (+7)



NatWest Registrars Department

National Westminster Bank PLC has been appointed Registrar of

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All documents for registration and correspondence should in future be sent to:

National Westminster Bank PLC
Registrar's Department
PO Box No 82
37 Broad Street
Bristol BS99 7NH

Telephone Bristol (STD Code 0272)
Register enquiries 290711
Other matters 297144

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-421 1122

1981-82	Company	Price Change	Gross Yield	FY	Fully
High	Low		div.(p)	%	issued
122	120	122	5.4	5.0	11.5
138	100	138	10.0	7.4	14.3
76	82	76	5.1	5.1	7.8
61	33	67	4.3	10.0	4.5
187	228	187	11.4	4.8	10.0
115	100	117	16.7	13.4	—
270	240	264	17.5	5.7	10.7
109	82	109	11.4	4.8	10.0
142	97	142	7.9	5.8	6.0
83	38	89	6.4	8.3	3.5
78	46	78	5.6	6.8	10.1
102	89	102	7.3	5.2	5.7
124	100	123	15.7	12.5	—
119	94	119	7.5	5.4	3.5
141	108	141	7.5	5.4	11.5
334	182	334	20.0	11.0	20.8
82	51	82	5.7	7.1	10.4
22	120	22	11.0	6.7	11.5
44	21	44	0.46	2.2	—
103	73	103	8.4	7.8	5.9
289	212	289	14.5	5.8	5.2

Prices now available on Predeal page 48146.

UNITED BRITISH SECURITIES TRUST PLC

Manager—Robert Fleming Investment Management Limited
Secretary—Robert Fleming Services Limited

Three-year summary of results:

Year ended	Gross Revenue	Ordinary Shares Earned per share	Ordinary Shares Paid per share	Gross Assets (less current liabilities) £'000	Net Asset Value per Ordinary share
1980	5,382	7.58p	7.55p	81,960	183.0p
1981	4,817	6.51p	7.00p	107,208	240.0p
1982	5,279	6.87p	7.00p	98,501	221.2p

*The earnings and dividend for 1980 include 1.00p in respect of special income received.

Salient Points in the Chairman's Statement

Good progress has been made in implementing the policy of becoming a general overseas trust, with only 38% of the investments in the UK at 30th June 1982. Gross revenue improved by 8.5%, but the impact of taxation on foreign income resulted in little change in net revenue.

The Ordinary dividend for the current year will be maintained at its present rate of 7 pence per share.

It is proposed that the name of the Company be changed to "The Fleming Overseas Investment Trust Public Limited Company."

Copies of the Accounts are available from the Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Companies and Markets

UK COMPANY NEWS

J. Halstead advances by 45%

Junior Halstead Group reports an increase of 45 per cent in pre-tax profits to £1.89m, against £1.3m, for the year ended June 30 1982.

Even retail flooring, which has been running at losses up to £300,000 per annum, is at breakeven and set to be a profit contributor in the current period.

BOARD MEETINGS

- The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

Silentnight down midway

THE WARNING of a downturn in first half profits given by Mr. Tom Clarke, the chairman of Silentnight Holdings at the AGM in June, has been borne out.

Step rise in losses at FMC

STEEPLY rising pre-tax losses were produced by FMC, meat wholesaler, from £999,000 to £1.6m for the six months to May 1 1982.

Recovery continues at Danks Gowerton

A STABLE year with continued recovery is reported by Danks Gowerton, West Midlands manufacturer of industrial blenders, process plant and steel processors, for the year to June 30 1982.

Clifford's Dairies lower at halfway

FIRST-HALF pre-tax profits at Clifford's Dairies have fallen from £1.63m to £1.27m but sales for the six months to June 30 1982 improved from £26.85m to £29.97m.

Solicitors' Law still in the red

COMPARED WITH the second six months of 1981 the Solicitors Law Stationery Society reduced its taxable losses from £302,000 to £140,000 in the first half of the current year.

Steep rise in losses at FMC

Although the directors say it is too early yet to be confident that the autumn rise in meat wholesalers' profit will reach former levels, overall forecasts do indicate some increase in livestock numbers.

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TENDER OFFER on behalf of September Purchasing Inc. to purchase 3,000,000 Ordinary Shares of Nu-Swift Industries PLC

at a maximum price of 44p per share by L. Messel & Co. Brokers to the Tender Offer

To the shareholders of Nu-Swift Industries plc. This announcement is important and requires your immediate attention. If you are in any doubt about the Tender Offer, please consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional advisor immediately.

Benefits to Nu-Swift Following detailed discussions between the Boards of SPI and Nu-Swift, the Board of SPI is confident that substantial benefits would flow to Nu-Swift as a result of collaboration with SPI and its shareholders.

Procedure for Tendering Nu-Swift shareholders who have accepted Mosspry's offer and wish to accept this tender should be aware that they can withdraw their acceptance of the Mosspry offer by writing to that effect to National Westminster Bank PLC, New Issues Department, PO Box 79, Chaparral Gardens, 12 Throgmorton Avenue, London, EC2N 2BD.

Nobody beats the American winner for comfort or low fares. Only Northwest Orient offers business class travellers from London to the USA the opportunity of booking sleeper seats at no extra charge above normal Executive Class fares.

NORTHWEST ORIENT. Comfortable winner. Only Northwest Orient offers business class travellers from London Gatwick to the USA the unbeatable combination of fully reclining sleeper seats at Executive Class fares which offer savings running into hundreds of pounds over the lowest competitive return fares on other airlines!

Bankers Trust Overseas Finance N.V. U.S. \$200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1994. Payment of Principal and Interest Guaranteed on a Subordinated Basis by Bankers Trust New York Corporation.

ECC plans rationalisation if £18.8m bid succeeds

English China Clays (ECC) may carry out "some rationalisation" of its £18.8m bid to acquire the operations of Mixconcrete (Holdings) Ltd. ECC said yesterday.

The offer of 195p per share will remain open for acceptance until October 26, ECC said in its formal offer document.

The company announced on September 20 that it would be making a bid for Northampton-based Mixconcrete, topping a revised 180p offer from Australian-owned Pioneer Concrete (Holdings) by £2.1m.

ECC aims to link its quarry activities in the South West and the Midlands by means of the Mixconcrete acquisition and is

also seeking to extend its participation in the ready-mixed concrete business.

Some rationalisation may be needed at Mixconcrete to restore profitability to an acceptable level but ECC believes it will also be able to extend the geographical spread of Mixconcrete's activities.

English China said its offer represents a premium of 71 per cent on the 114p Mixconcrete market price ahead of the first Pioneer offer. ECC will also allow shareholders to retain the 155p interim dividend for the year ending November 30.

Samuel Montagu, which is advising Mixconcrete, said yesterday that the ECC offer "was not very much in excess of the 180p Pioneer offer which we rejected in the past and certainly not generous in relation to the asset revaluation of 285p."

Mixconcrete's board has yet to meet to consider ECC's formal offer document.

Samuel Montagu said it had no indication as to whether Pioneer would increase its offer while Hambros Bank, advisers to Pioneer, yesterday declined to comment.

Mixconcrete's shares continue to trade well above the ECC offer price and were an unchanged 202p yesterday. ECC was an unchanged 152p.

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Pennine sells land after IoM bank failure

THE failure of the Savings and Investment Bank on the Isle of Man, which went into liquidation in August, has forced Pennine Commercial Holdings, previously a major client, to sell land to raise cash and rearrange its loan facilities.

Pennine, a property and vehicle distribution group based in Manchester, announced yesterday that it had sold a residential housing estate in Bacup, Lancs, and 12 filling stations in Lancashire and Yorkshire to Dares Estates for £275,000.

A sum of £275,000 has been paid on completion and the balance has been secured on loan notes repayable in five equal instalments of £50,000 annually.

Pennine formally announced that SIB had been holding substantial security against undrawn facilities. The facilities ceased to exist following the withdrawal of the bank's license in June by the Joint Treasury authorities. It is understood that the required security amounted to £1.5m while loans stood at under £300,000, but it is not yet clear whether the liquidator still holds or has released the security.

Alternative facilities have now been drawn up with American Express International Banking Corporation.

The collapse of SIB also meant that a small independent oil company was unable to supply petrol to Pennine's filling stations which caused a substantial cash flow shortfall at Pennine.

As a result of the disposals of the petrol station chain and land at Bacup, which formed part of the property acquired 14 months ago from Prensavin for £1.6m, the already delayed publication of the accounts for the year to February last will be further postponed. The figures should be announced within the next two weeks.

Ashton diamond partners agree on mining plans

BY KENNETH MARSTON, MINING EDITOR

AGREEMENTS have been made by the partners of the big Ashton Joint Venture diamond project in Western Australia which pave the way to the start of commercial mining by the end of this year.

But the decision to go ahead remains subject to Western Australian Government approval of the mining proposals and marketing arrangements which are expected to be submitted shortly.

The partners, CRA (56.8 per cent), Ashton Mining (38.2 per cent) and Northern Mining (5 per cent), have agreed with effect from November 1 on the development, mining and management of the diamond interests in the Argyle and Ellendale areas and the continuing exploration in the Kimberley region for diamonds outside the Argyle and Ellendale areas.

The key question, however, has yet to be resolved and this is how the diamonds are to be marketed. According to an Ashton spokesman the selling arrangements are still being finalised. The most likely candidate is De Beers Central Selling Organisation which handles the marketing of over 80 per cent of world diamond production.

A major advantage offered by the CSO is its guarantee to buy a fixed proportion of a mine's production whatever the state of the market. As a result the CSO is now having to carry unsold stocks valued at something over \$1.5bn (£834m) in 1982.

order to avoid disrupting the currently weak diamond market and to allow mines to stay in operation.

Purchase guarantees would, thus be particularly important at the present time for Ashton, although the operation is expected to begin production on a relatively small scale of about 2m carats a year before moving up to a full annual output of as much as 20m carats or so by 1988.

The bulk of Ashton's output will be in the form of industrial and near-gem quality diamonds. It has been recommended that the CSO be allowed to handle all the limited output of gem diamonds plus 75 per cent of the rest of the production. But Northern Mining, which has been carrying out its own investigations into marketing opportunities, has not yet formally responded to this recommendation.

It also remains to be seen whether such a proposal will be acceptable to those Australian politicians who resent the marketing of the country's diamonds being given to a South African company and, indeed, whether the CSO is prepared to agree to the terms offered.

At all events, a firm marketing agreement complete with purchase guarantees seems to be a vital requirement if the \$360m (£337m) Ashton project is to achieve its full production potential. Meanwhile, the next quarterly report from the Ashton venture is expected next week.

Cement-Roadstone in Holland

Cement-Roadstone Holdings, Ireland's largest industrial company, has expanded its Dutch DIY retail interests with a £2m (sterling) purchase in Kampen. The acquisition adds five retail outlets to Roadstone's existing seven, lifting its total retail floor area to 250,000 sq ft and making it one of the largest specialist DIY retailers in Holland.

In addition to the retail outlets the new purchase expands the company's builders merchandising activities in Holland taking it northwards into the IJsselmeer polder area for the first time.

Mr Jim Culliton, Roadstone's chief executive, was also able to cast some light on Premier Periclas, the loss making

magnesia production operation where the Irish company bought out Hepworth Ceramic's half share for £1m last month.

Now a wholly owned subsidiary, Premier continues to trade in the red albeit at a reduced level. But Roadstone is confident that the Irish Government will remove the hydrocarbon tax which is currently costing Premier £1m a year.

Turning to future developments, Mr Culliton said the company is looking at three possible small purchases in the U.S. Next year the company will be turning its attention to larger American targets. In the meantime, construction of the

Limerick dry cement plant will mean borrowings peak out early in 1983. Interest charges on that substantial capital investment and higher depreciation will impact on 1983 figures.

Current trading is slightly worse than at the half year stage, when the company reported pre-tax profits down from £24.02m to £210.15m. Then cement sales were down 14 per cent, to date that rate of decline has increased to 15.2 per cent.

Mr Culliton said that he thought outside profit projections of £177m (£28.7m) for the current year were the best that could be hoped for.

Sept. Purchasing in Nu-Swift tender

September Purchasing announced today that it will seek tenders for up to 3m Nu-Swift Industries shares—15 per cent of the equity—at up to 44p per share.

The offer closes on October 13 but will be void unless tenders are received for more than 1m shares. Shareholders accepting may retain the interim dividend of 0.925p declared on August 31.

September Purchasing, an Anglo-French consortium, has already acquired a 14.9 per cent holding in Nu-Swift, but is in competition with an offer of 40p for the entire Nu-Swift equity from Mosspray, a company controlled by Mr Brian McGillivray, formerly of Rentokil.

programme for the various companies in the Pearson Longman group of expanding involvement in professional information publishing throughout the world, particularly in North America.

The purchase price is US\$21m (£1.49m) payable on completion plus deferred performance related payments. These will be \$300,000, payable in two equal annual instalments if the receipts of International Reports for the calendar years 1983 and 1984 exceed \$2.5m and \$2.75m respectively plus further payments totalling a maximum of \$1.05m if those receipts reach certain higher ceilings in 1983, 1984 and 1985.

tors for the Husky computer in France, West Germany and to certain customers in the UK.

NASH INDUSTRIES
£185,000 DEAL

Western Counties Construction, a subsidiary of Nash Industries, has acquired for £185,000 cash G. J. Furneaux Building Contractors, of Christchurch, Hants, which incurred a pre-tax loss of £127,000 (profit £40,000) for 1981. In addition to the contracting business, Furneaux owns two development sites which are valued at £358,000 in excess of book value.

FINANCIAL TIMES EXPANDS IN U.S.

The Business Enterprises Division of the Financial Times has acquired International Reports Inc of New York, a multiple-title newsletter publisher in international finance.

The acquisition is part of a long-term development pro-

AID IN THE U.S.

Allied International Designers Group has bought for a nominal sum 32 per cent of Business Decisions, a market researcher in New York.

This is the first acquisition AID has made overseas.

AID has also agreed with UCIS Microsystems, a wholly owned subsidiary of Unilever, to appoint them exclusive distribu-

NBI/CASE

NBI, a leading U.S. manufacturer of office automation systems, has agreed to acquire certain assets formerly owned by Computer and Systems Engineering (CASE), the NBI distributor for the UK. Case's assets and employees will be integrated into an NBI subsidiary which currently has two offices in London.

LEISURE TIME SUSPENDED

Shares in Leisuretime International, formerly the Old Swan Hotel (Harrowgate), were suspended yesterday at 73p pending publication of reorganisation details. Restructuring is expected to involve Aiken Hume, the fast-moving finance group, which holds a 50 per cent stake in Leisuretime and whose clients control a further 18.2 per cent.

CREST HOTELS SELLS KENILWORTH

Crest Hotels has sold its 210-bedroom Kenilworth Hotel to the Edwardian Group for an undisclosed price. The hotel, situated off High Holborn, London, was one of 28 UK Centre Hotels acquired by Bass (parent company of Crest Hotels) when it took over Coral Leisure late in 1981. The Edwardian Group has five other hotels in London.

COMMERCIAL ALUM. CASTLE BRAND

Agreement has been reached whereby Commercial Aluminium Cookware Company of Ohio, U.S., will subscribe for 50,000 new ordinary shares in Castle Brand at a price of 225p per share.

Commercial Aluminium, which holds 500 ordinary shares at present, will hold 25.25 per cent of the issued ordinary share capital following the proposed issue.

Net proceeds, which are expected to amount to approximately £108,000, will be applied to obtain a desirable reduction in the company's net indebtedness and thus contribute to the financial stability necessary to enable the company to achieve profitability and growth in the future.

CENTRE-FILE

Centre-File, a wholly-owned subsidiary of National Westminster Bank, has acquired Management Accounting and Computing Systems, better known as NACS.

Mr Wallace, Centre-File's managing director, said that in the field of building society data processing the two companies have been in competition for some time.

SEDGWICK/ROSS.

UNDER the acquisition of Ross Collins Holdings, Sedgwick Group has issued 32,479 ordinary shares to the vendors in satisfaction of the second and final instalment of the consideration payable.

ICI/PCUK COLOURS

FORMAL agreement for the acquisition by ICI of the colours business of PCUK - Produits Chimiques Ugine Kuhlmann - which has been successfully completed with the approval of the French Government, has been signed by the two companies.

BP and BHP to leave S. Australia oil search

BY DAVID BUCHAN

APPLICATION for permission to pull out of a planned deep water hydrocarbon search offshore in the Great Australian Bight of South Australia has been made by British Petroleum of Australia and Broken Hill Proprietary. The companies jointly hold a 30,000 square kilometre area, EP 16, with water depths of up to 2,000 metres.

A spokesman for BP is reported as saying that some AS2m (£1.2m) has been spent on seismic surveys since the permit in mid-1980 and the results did not justify any further investment.

The partners were granted the permit for six years by the South Australian Government which at that time forecast a possible three-well, AS35m programme. Also interested was a consortium headed by Occidental Petroleum which planned a AS15m programme in an adjacent area.

Very few wells have been sunk in the Bight which covers some 200,000 sq km but surveys are still taking place in some areas. In June, Getty Oil was awarded a six-year licence to explore part of the Duntroon Basin near Kangaroo Island.

The South Australian exploration represents only a small part of BP's search Down Under, the bulk of which is concentrated in Western Australia. The company's major development is the AS5.5bn North West Shelf gas project off the coast of Western Australia.

September tin outputs

DESPITE the onset of the International Tin Council's tin export controls on the world tin mining members of the International Tin Agreement, Malaysia's Copeang Consolidated reports another good monthly production figure.

The output for September of 174 tonnes of tin concentrates makes a total for the financial year to September 30 of 1,838 tonnes compared with 1,697 tonnes for 1980-81.

Country	Sept	Aug	July
Copeang	174	170	154
Mambang	32	28	26
Tanjong	5	7	11

109 companies wound-up

Compulsory winding up orders against 109 companies were made by Mr Justice Mervyn Davies in the High Court. They were:

Barrybell, McGrath Excavations, Corek Shipping and Europa Trade.

Narroford Properties, Mountbrooke Properties, Rescos, Yorkrose (Builders) and HTI Garages.

Deanshall Investments, Glasscast, Purville, Multichinets, After Dark Restaurant and Mausegen.

Shapina, Rustynk Blake, Inter City Building Contractors, Inter City Research Associates and Clive Exton.

Don Peters, F. B. Dyson (Hayton), Open Zone, Codowar Oilfield Company and Linchpins.

Geoffrey Knowles (Commercial Vehicles), Peterborough Paper Manufacturers, NBTM, Interfloor and SA Forwarding.

Crestbrook Construction, Creative Marketing Partnership, Frontier Fruit and Nut Company, Astral Pace and Norwood.

Paul Hayward Engineering, Michael J. Cant, Ace Automatic Controls, PKM (Chesterfield) and Preststone.

Tempbuild, New Forest Bakeries, Annette's Patisseries, Arumford and Aydown, Ultraglen, Underhill (Mistic Management), Manmaid Leisure (Oxford), Universal Heat Pumps and TV Fashions.

Londoning, Manley Steel Company, Terlingdon, Studores and Reece Bros Transport.

Dorkes Plumbing and Heating Company, DB Plastics, Helmbright, Braebridge Harrison (Fencing) and Interstore (Marketing).

Mike Waldron, Clifton Holidays (UK), K and J Damp-Proof Specialists (Warrington), Graybarton Adhesive Industrial Marketing.

Drummond Industrial Contracts, Ralderwood, Range Interiors, Elmex International and Strollrise.

Elmark Textiles, KJog and King Insurance Services, Keenpoint, Fair Deal Stores and Liffdale.

Bulk Tip, Hotelon, Twinbrow, Lantina and Quickbell.

J and M Tailoring Specialists, Blades Art Studios, Track One, Sainsbury Computer Services (Rushington) and Destino.

Your Move, Grimes Haughey, Triple Liner Agencies (Midlands), Rossbrook and Portland Managements.

Anatopy, Programmed Heating, Topkey Office Equipment, Dorset Agricultural Machinery and Elephant Tools.

Steelequip (Rochdale), Leaver Hembling and Perry, Hodgeford, County Lithographic Service Company and B. M. and S. Samuels.

Lesney UK Operations, Mizan Foods, Elephant Metals, Bus and Coach Sales and Joyhill.

Dallas Print Transfers, Knights Brooks and Partners and Jeans Joint.

BERMUDA CORPORATE MANAGEMENT SERVICES

Directors of a leading Bermuda Management Company will be present in London 5th-8th October to review existing client requirements.

U.K. Companies, Trustees and Professional Advisers who wish to consider establishing a substantive and identifiable offshore presence in Bermuda are invited to take this opportunity to meet the Bermudian representatives at their European Office in London (Mayfair) to discuss the full range of specialised facilities now available in Bermuda for offshore financial services and corporate management.

For an appointment please telephone: **Clare James on 01-409 0825**

HUGH STEVENSON REDEMPTION

Hugh Stevenson and Sons intends to redeem at par, plus accrued interest, the whole of the 6 1/2 per cent first mortgage debenture stock 1981/86 for the time being outstanding, totalling £321,200.

Following discussions with the trustees of the Prudential Assurance Co., a circular will be sent to stockholders to approve the early redemption of the stock at less than the face calendar month's notice required by the trust deed.

Option	Ex-Exercise price	October 4		Total Contracts		1,983 Calls		226 Puts		667	
		Vol.	Close	Vol.	Close	Vol.	Close	Vol.	Close	Vol.	Close
BP (c)	280	24	1	24	1	44					
BP (p)	600	2	1	137	22						
BP (c)	880	3	1	7	6	11					
BP (p)	880	12	22	17	2	24					
GU (c)	120	11	1	17	12	31	80	127			
GU (p)	130	2	1	11	10	15					
GU (c)	130	2	1	11	4	13					
GU (p)	120	2	1	8	8	9					
Coms. Gld (c)	280	2	1	20	1	47					
Coms. Gld (p)	460	2	1	20	1	32					
Coms. Gld (c)	460	2	1	10	10	16					
Coms. Gld (p)	290	2	1	10	7	16					
Coms. Gld (c)	420	15	1	21	1	48					
Coms. Gld (p)	420	15	1	21	1	48					
Coms. Gld (c)	420	15	1	21	1	48					
Coms. Gld (p)	420	15	1	21	1	48					
Coms. Gld (c)	420	15	1	21	1	48					
Coms. Gld (p)	420	15	1	21	1	48					
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Coms. Gld (c)	420	15	1	21	1	48					
Coms. Gld (p)	420	15	1	21	1	48					
Coms. Gld (c)	420	15	1	21	1	48					
Coms. Gld (p)	420	15	1	21	1	48					

Companies and Markets

WORLD STOCK MARKETS



Dow ahead by mid-session

STOCKS MOVED upwards towards mid-session yesterday. The Dow Jones Industrial Average was ahead more than 7 1/2 points at 811.82.

Some analysts suggested that many investors were encouraged by the market's ability to move forward in spite of a technically overbought condition. When the market started moving ahead at the outset, it brought fresh investment money into the marketplace.

Advancing issues outnumbered declines by better than a two-to-one margin. Volume on the New York Stock Exchange exceeded 30m shares.

The news background also appeared more encouraging, with Treasury Secretary Donald Regan repeating his earlier forecast of 3-4 per cent growth in real gross national product in the current quarter.

At the same time, the Conference Board said confidence in the U.S. economy among business leaders improved for the third consecutive quarter.

Eastman Kodak climbed 1 1/2 to 97 1/2. The company called its camera the most popular consumer camera it had ever introduced.

Heavily-traded Woodworth and IBM also rose more than a point each, but less active Wm-Dixie fell 2 1/4 to 34 1/4 after climbing more than 4 1/2 points on Monday.

Wm-Dixie said it knew of no corporate plans or developments to account for the stock's recent trading. Wm-Dixie this week named A. Donn Davies its new president, succeeding Mr. Bert Thomas, who died last Wednesday.

Loews rose 3/8 to \$124, but most active Johnson and Johnson shares. Johnson and Johnson said it was temporarily suspending the production of the extra-strength Tylenol capsule, but was continuing the production of the Tylenol tablet.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index rose 1.60 to 322.85. Turnover was about 2 1/2 shares.

Canada Stocks were slightly higher at posting modest advances. The Toronto Composite Index was up 5.7 points at 1,533.9 on turnover of 2,517m shares.

Advances led declines by better than a two-to-one margin. Volume on the New York Stock Exchange exceeded 30m shares.

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Closing prices for North America were not available for this edition.

on light profit-taking prompted by the year's sharp fall against the dollar and the overnight drop on Wall Street, dealers said.

The market average edged 10.10 to close at 6,822.12 and the Tokyo SE Index dipped 1.51 to 821.45. Turnover rose slightly to 320m shares because interest shifted to low-priced Domestic Industry issues and speculators from market leaders which were overvalued.

On the active list, Dome Petroleum was unchanged at C\$21.0, Bell Canada improved to C\$19.0, and Canadian Pacific was up 1/2 to C\$29.0.

Seagram gained 1 1/2 to C\$76.0, BP Canada rose one to C\$22.0, Falconbridge dropped 1/2 to C\$4.0, and Orestel Class "B" fell 1/2 to C\$14.0.

Subprime Class "B" was off 1/2 to C\$14.0. It said its well is the North Sea's largest field is producing at an initial rate of 14,000 barrels-a-day.

Montreal stocks were also higher as the Composite Index rose 1.03 to 274.59 on volume of 136.83m shares.

Hong Kong The market ended a six-session decline, closing sharply higher on active late short-covering along with some fresh buying, brokers said.

The Hang Seng Index rose 65.75 to 881.90. It had fallen more than 280 points in the past six trading days.

Trading was centred almost wholly in the leaders with the trading sector featured Jardine Matheson rose HK\$1.50 to HK\$15.5, Swire Pacific "A" 80 cents to HK\$9.50 and Hutchison Whampoa HK\$1.10 to HK\$9.50.

Trading in the property sector, Cheung Kong gained 80 cents to HK\$25.5, HK Land 55 cents to HK\$25.5 and Swire Properties 70 cents to HK\$25.20.

Tokyo Stocks closed slightly lower on balance with Blue Chips easing.

with Hoechst and Bayer off 1.90 at DM 108.30 and DM 103.80.

Prices were mixed with an easier bias in quiet trading. Dealers said general pessimism over the state of both the international and the domestic economy had a negative influence on trading.

The sustained strength of the dollar against the franc depressed the foreign exchange markets.

Air Liquide fell FF 5 to FF 445, in spite of the announcement of slightly higher first half gross profit, and L'Oreal, which reported a rise in net profit in the first half, fell FF 4 to FF 975.

The Stock Brokers' Association announced during trading the suspension of Duple SA shares pending investigation into a takeover bid, but no further details were given.

Brussels Belgian and foreign share prices were higher in lively trading, with the Industrial Index rising to 1027.00 from 1013.50 on Monday, and the All-Share Index to 222.11 against 221.31.

The strength of the dollar encouraged buyers across a wide range of Belgian shares, with sentiment also boosted by renewed confidence in Government economic policies ahead of this week's announcement of its 1983 budget plans.

Spain Shares firmed in fairly active trading and the Madrid Bourse Index closed 0.71 points higher at 81.64.

Continuing the rise initiated on Friday, Electrica showed some modest gains while Banks were steady-to-firm. Dealers said there was no clear reason for the about-turn after six weeks of steady decline and so basic changes in the market.

Stocks traded down 140 from 133 on Friday with 35 rises, 14 falls and 81 unchanged.

NEW YORK Stock market listings including AMF, AIG, AIA, AIP, etc.

Stock market listings including Gulf Western, Gulf & Western, Gulf & Western, etc.

Stock market listings including AMCA, AMCO, AMI, etc.

Stock market listings including AMCO, AMI, AMJ, etc.

Stock market listings including AMCO, AMI, AMJ, etc.

NEW YORK DOW JONES Indices table with columns for Oct 4, Oct 5, etc.

Stock market indices for Australia, Belgium, Denmark, France, Germany, Hong Kong, etc.

Stock market indices for Italy, Japan, Norway, Singapore, South Africa, etc.

Stock market indices for Sweden, Switzerland, etc.

Stock market indices for Germany, Hong Kong, Singapore, South Africa, etc.

Financial Times, London, October 6, 1982. Includes a note about the Dow Jones index and a disclaimer.

COMMODITIES AND AGRICULTURE

MARKET PROFILE: RUBBER

Stuck in the doldrums

BY TERRY POVEY

FOR THE last year the rubber market has been in the doldrums. The volume of business has been small and prices have remained within a narrow range.

This lack of movement is the result of two different factors; firstly the industrial recession has seen demand, and prices, fall and, secondly, the active buying policy of the International Natural Rubber Organisation (INRO) has helped keep surpluses off the market and therefore prevented prices falling further.

Rubber prices today are well down on their early 1980 peak when speculative buying took RS 90 per tonne in London to 90p per kilo. Yesterday this same market grade of rubber was trading at 7-9p per kilo.

One of the main factors currently affecting production levels is the growth of small-holder cultivation of rubber in the post-war period.

The typical smallholder reacts differently from the estate manager to changes in the world market. As prices fall, the tendency has been for him to increase output in order to maintain income.

Cash zinc on the London Metal Exchange lost \$4 to \$430.75 a tonne, but copper and lead were marginally higher, steadied by the recovery in gold.

News that a U.S. secondary lead producer, Taracor Inc., had filed protection under the bankruptcy act caused little surprise in view of the current low prices and tightness of scrap

and that as far as this sector is concerned the decline rubber off-take has bottomed out. Traders and rubber purchasers are equally convinced, however, that a growth in production is unlikely in the short term.

The post-war competition between natural and synthetic rubber has more or less been settled with each now having its respective share of the market. In the U.S. the portion of synthetic to natural rubber used is about 3 to 1 with a slightly higher proportion of natural going to tyres.

Higher oil prices have undermined synthetic's competitiveness to a degree, although in a rising market price of synthetic sets a ceiling for natural rubber price. This is not relevant to todays depressed conditions.

However with most rubber products now the result of well-established blends of natural and synthetic rubber the likelihood of low natural prices seeing a long-term increase in demand as a result of switching is considered as remote.

Even the radial tyre with higher natural rubber content (approximately 20 per cent opposed to 15 per cent in car tyres) has because of much longer road life not to a net increase in rubber. These days a motorist is likely to change his car change his tyres' comment one rubber buyer for a tyre producer.

The outlook for the market is then one of it 'staying in the doldrums for the foreseeable future. Some traders are frustrated by lack of movement, others by over-pessimism when I speak of 'ten years of sluggishness ahead' although it appears to be a consensus there could be two slack years to come.

Sugar at four-year low

By Our Commodities Staff
World sugar prices fell sharply yesterday morning after the London daily price for raws was marked down by \$5 to \$21 per tonne, a four year low.

On the London futures market the nearby March position rallied a little in the afternoon, mainly on short-covering, but still ended the day down at \$102.15 per tonne, \$2.35 below Monday's close.

Traders blame the continuing surplus of sugar world wide for the bearish trend in the market, adding that reports that the International Sugar Organisation has forwarded proposals to the EEC for a joint scheme to hold surplus sugar off the market may have aided the afternoon rally.

U.S. metals price cuts

By John Edwards,

J. EDWARDS, COMMODS. ED. U.S. metals producer, Asarco, yesterday announced domestic price cuts for copper (down by 1 cent to 64 cents a pound), lead (1 cent down to 22 cents), and zinc (down by 1 cent to 40 cents). The cuts for lead and zinc were the second reductions this week.

The fall in the zinc price to 40 cents suggests that other producers in the U.S. may well have to rescind the recent move up to 42 cents and move closer back into line with the European producer price.

Cash zinc on the London Metal Exchange lost \$4 to \$430.75 a tonne, but copper and lead were marginally higher, steadied by the recovery in gold.

News that a U.S. secondary lead producer, Taracor Inc., had filed protection under the bankruptcy act caused little surprise in view of the current low prices and tightness of scrap

Soviet grain purchases gather momentum

BY NANCY DUNNE IN WASHINGTON

THE Soviet Union has swooped back with a vengeance into the grain market, after a near six-month absence. Within a week they have made four purchases of American maize amounting to 1.6m tonnes and bought 800,000 tonnes of French wheat.

Another 200,000 tonne purchase of maize is expected to be announced shortly according to U.S. traders. However, the sales did little to lift prices on the Chicago Board of Trade grain market, where traders noted the absence of wheat and soyabean deals between the two superpowers.

It is believed in some quarters that the Soviet wheat crop is not as bad as the U.S. estimated. Last week the International Wheat Council put a Soviet wheat production at 87m tonnes compared with the U.S. estimate of 80m.

At the same time there are fears here that the U.S. may well miss out on sales of wheat, with the Soviet Union preferring to go elsewhere as a result of American sanctions on the USSR-Europe pipeline.

The announcement that French agriculture minister, Mme Edith Cresson, is to try and negotiate a long-term grain pact when she visits Moscow shortly has enhanced the threat of increased competition from EEC subsidised sales, especially in view of the record Common Market crop this year.

John Block, U.S. Agriculture Secretary, said that during talks with the Soviet Union later this month in Vienna, the Russians will be told they can buy all the U.S. grain they want in the seventh year of the agreement between the two countries. But the USSR is only required to buy 3m tonnes of wheat a year under the pact and many traders feel that if it can obtain wheat supplies elsewhere at acceptance prices, it will do so.

Mr Singh also told parliament that the Indian government had fixed the price for rice procurement at Rupees 122 per quintal from the home market. This is Rs 7 more than last season, with the Government hoping that state agencies will be able to buy more rice for official stocks.

The study found that the creation of a separate economic stockpile by private industry and Government subsidies for domestic mineral production of cobalt would be "an expensive insurance policy" to guard against a supply disruption. It pointed out that both proposals would reduce the incentive for development by industry of cobalt substitutes.

mandatory three years since domestic ore bodies could be brought on-line within the time and greatly extend the years of protection afforded by the stockpile.

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India agrees U.S. price

BY K. K. SHARMA IN NEW DELHI

INDIA WILL pay nearly \$411m for 2.4m tonnes of wheat to be imported from the U.S. this year. Contracts for this amount were signed recently to help meet shortages arising from a poor harvest caused by bad weather.

The average price for the U.S. wheat was \$164.66 a tonne, less than the \$172.98 paid last year when India imported 1.5m tonnes from the U.S.

According to Birendra Singh, Minister for Agriculture, the imports are mainly to replenish declining stocks and also to combat pressure on wheat prices.

Mr Singh also told parliament that the Indian government had fixed the price for rice procurement at Rupees 122 per quintal from the home market. This is Rs 7 more than last season, with the Government hoping that state agencies will be able to buy more rice for official stocks.

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U.S. cobalt stockpile review urged

BY OUR COMMODITIES STAFF

A REVIEW of the U.S. stockpiling policy for cobalt is urged in a special study issued in Washington by the Congressional Budget Office, reports Router.

The study said the recent development of cobalt substitutes means that the stockpile "goal" needs to be reviewed from its present level of 85.4m lbs.

It noted that the existing "goal" is significantly above the amount needed to meet three years of consumption at projected 1985 levels for the U.S. aerospace industry or for direct defence needs. The stockpile

mandatory three years since domestic ore bodies could be brought on-line within the time and greatly extend the years of protection afforded by the stockpile.

The study found that the creation of a separate economic stockpile by private industry and Government subsidies for domestic mineral production of cobalt would be "an expensive insurance policy" to guard against a supply disruption. It pointed out that both proposals would reduce the incentive for development by industry of cobalt substitutes.

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Wool sales ban on Poland

POLAND HAS been excluded from Australian wool sales after failing to meet the payment date for wool bought last month.

The National Council of Wool Selling Brokers said that about \$2m was due last Friday, and the brokers had decided not to accept further bids until the money was paid.

Poland's payment problems have also led to the suspension of a \$40m line of credit with the Australia and New Zealand Banking Group and Westpac Banking established last year.

ENGLISH fruit farms in the main fruit growing areas will be open to the public on Sunday for tours of the orchards and packing houses with facilities for farm sales and pick-your-own at other orchards.

THAILAND will have more than 3m tonnes of rice for export next year according to the Thai rice mills association. Paddy production is expected to be about 18m tonnes, up from the 15.9m tonnes forecast earlier.

VENEZUELAN aluminium workers at the 250,000 tonne-a-year state plant have ended their industrial action following agreement of a new collective contract.

LONDON commodity market trading was disrupted yesterday afternoon by a bomb scare at Plantation House.

remained more active through wheat trading firm closing 25p up while Sept came off 40p due to lack of interest, reports Act.

WHEAT BARLEY
Year's close + or -
Mth close + or -
Nov 112.85 -0.30 109.35 +0.25
Dec 115.55 -0.20 112.00 +0.20
Jan 119.50 -0.20 115.00 +0.25
Feb 122.40 -0.10 117.90 +0.25
Mar 125.30 -0.10 120.80 +0.25
Apr 128.20 -0.10 123.70 +0.25
May 131.10 -0.10 126.60 +0.25
Jun 134.00 -0.10 129.50 +0.25
Jul 136.90 -0.10 132.40 +0.25
Aug 139.80 -0.10 135.30 +0.25
Sep 142.70 -0.10 138.20 +0.25
Oct 145.60 -0.10 141.10 +0.25
Nov 148.50 -0.10 144.00 +0.25
Dec 151.40 -0.10 146.90 +0.25
Jan 154.30 -0.10 149.80 +0.25
Feb 157.20 -0.10 152.70 +0.25
Mar 160.10 -0.10 155.60 +0.25
Apr 163.00 -0.10 158.50 +0.25
May 165.90 -0.10 161.40 +0.25
Jun 168.80 -0.10 164.30 +0.25
Jul 171.70 -0.10 167.20 +0.25
Aug 174.60 -0.10 170.10 +0.25
Sep 177.50 -0.10 173.00 +0.25
Oct 180.40 -0.10 175.90 +0.25
Nov 183.30 -0.10 178.80 +0.25
Dec 186.20 -0.10 181.70 +0.25
Jan 189.10 -0.10 184.60 +0.25
Feb 192.00 -0.10 187.50 +0.25
Mar 194.90 -0.10 190.40 +0.25
Apr 197.80 -0.10 193.30 +0.25
May 200.70 -0.10 196.20 +0.25
Jun 203.60 -0.10 199.10 +0.25
Jul 206.50 -0.10 202.00 +0.25
Aug 209.40 -0.10 204.90 +0.25
Sep 212.30 -0.10 207.80 +0.25
Oct 215.20 -0.10 210.70 +0.25
Nov 218.10 -0.10 213.60 +0.25
Dec 221.00 -0.10 216.50 +0.25
Jan 223.90 -0.10 219.40 +0.25
Feb 226.80 -0.10 222.30 +0.25
Mar 229.70 -0.10 225.20 +0.25
Apr 232.60 -0.10 228.10 +0.25
May 235.50 -0.10 231.00 +0.25
Jun 238.40 -0.10 233.90 +0.25
Jul 241.30 -0.10 236.80 +0.25
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Oct 250.00 -0.10 245.50 +0.25
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May 270.30 -0.10 265.80 +0.25
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Nov 496.50 -0.10 492.00 +0.25
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Oct 563.20 -0.10 558.70 +0.25
Nov 566.10 -0.10 561.60 +0.25
Dec 569.00 -0.10 564.50 +0.25
Jan 571.90 -0.10 567.40 +0.25
Feb 574.80 -0.10 570.30 +0.25
Mar 577.70 -0.10 573.20 +0.25
Apr 580.60 -0.10 576.10 +0.25
May 583.50 -0.10 579.00 +0.25
Jun 586.40 -0.10 581.90 +0.25
Jul 589.30 -0.10 584.80 +0.25
Aug 592.20 -0.10 587.70 +0.25
Sep 595.10 -0.10 590.60 +0.25
Oct 598.00 -0.10 593.50 +0.25
Nov 600.90 -0.10 596.40 +0.25
Dec 603.80 -0.10 599.30 +0.25
Jan 606.70 -0.10 602.20 +0.25
Feb 609.60 -0.10 605.10 +0.25
Mar 612.50 -0.10 608.00 +0.25
Apr 615.40 -0.10 610.90 +0.25
May 618.30 -0.10 613.80 +0.25
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Jul 624.10 -0.10 619.60 +0.25
Aug 627.00 -0.10 622.50 +0.25
Sep 629.90 -0.10 625.40 +0.25
Oct 632.80 -0.10 628.30 +0.25
Nov 635.70 -0.10 631.20 +0.25
Dec 638.60 -0.10 634.10 +0.25
Jan 641.50 -0.10 637.00 +0.25
Feb 644.40 -0.10 640.00 +0.25
Mar 647.30 -0.10 642.90 +0.25
Apr 650.20 -0.10 645.80 +0.25
May 653.10 -0.10 648.70 +0.25
Jun 656.00 -0.10 651.60 +0.25
Jul 658.90 -0.10 654.50 +0.25
Aug 661.80 -0.10 657.40 +0.25
Sep 664.70 -0.10 660.30 +0.25
Oct 667.60 -0.10 663.20 +0.25
Nov 670.50 -0.10 666.10 +0.25
Dec 673.40 -0.10 669.00 +0.25
Jan 676.30 -0.10 672.00 +0.25
Feb 679.20 -0.10 674.90 +0.25
Mar 682.10 -0.10 677.80 +0.25
Apr 685.00 -0.10 680.70 +0.25
May 687.90 -0.10 683.60 +0.25
Jun 690.80 -0.10 686.50 +0.25
Jul 693.70 -0.10 689.40 +0.25
Aug 696.60 -0.10 692.30 +0.25
Sep 699.50 -0.10 695.20 +0.25
Oct 702.40 -0.10 698.10 +0.25
Nov 705.30 -0.10 701.00 +0.25
Dec 708.20 -0.10 703.90 +0.25
Jan 711.10 -0.10 706.80 +0.25
Feb 714.00 -0.10 709.70 +0.25
Mar 716.90 -0.10 712.60 +0.25
Apr 719.80 -0.10 715.50 +0.25
May 722.70 -0.10 718.40 +0.25
Jun 725.60 -0.10 721.30 +0.25
Jul 728.50 -0.10 724.20 +0.25
Aug 731.40 -0.10 727.10 +0.25
Sep 734.30 -0.10 730.00 +0.25
Oct 737.20 -0.10 732.90 +0.25
Nov 740.10 -0.10 735.80 +0.25
Dec 743.00 -0.10 738.70 +0.25
Jan 745.90 -0.10 741.60 +0.25
Feb 748.80 -0.10 744.50 +0.25
Mar 751.70 -0.10 747.40 +0.25
Apr 754.60 -0.10 750.30 +0.25
May 757.50 -0.10 753.20 +0.25
Jun 760.40 -0.10 756.10 +0.25
Jul 763.30 -0.10 759.00 +0.25
Aug 766.20 -0.10 761.90 +0.25
Sep 769.10 -0.10 764.80 +0.25
Oct 772.00 -0.10 767.70 +0.25
Nov 774.90 -0.10 770.60 +0.25
Dec 777.80 -0.10 773.60 +0.25
Jan 780.70 -0.10 776.50 +0.25
Feb 783.60 -0.10 779.40 +0.25
Mar 786.50 -0.10

Cummins buys Bendix diesel engine unit

By Paul Taylor in New York

CUMMINS ENGINE, the U.S. diesel motor manufacturer, has bought the heavy duty section of Bendix Corporation's diesel engine controls division, as well as a license to produce a new type of electronically-controlled fuel injector.

Although the deal is small in cash terms — Cummins is paying about \$2m for the assets it is acquiring — the company said it was important for the future development of the next generation of electronically-controlled diesel engines.

Under the agreement between the two companies, Cummins will take over some fixed assets and about 45 Bendix staff.

The two companies have been working together for two years on the development of an electronically-controlled fuel system. Under the terms of the licensing agreement, Cummins will have exclusive rights to the Bendix-patented injector system for diesel engines between 5.5 and 55 litres in size. Bendix will retain the licence for smaller engines and those over 55 litres.

Last month, Cummins signed a collaborative agreement with Leyland Vehicles to manufacture a new range of diesel engines developed by the U.S. group.

Bendix, which last week agreed to merge with Allied Corporation after a bitter takeover battle involving Martin Marietta and United Technologies, said the sale was not connected to the outcome of the battle.

German banks told to give breakdown of foreign business

BY STEWART FLEMING IN FRANKFURT

THE West German banking supervisory authorities have asked the country's major international banks for detailed information about their international lending activities on a consolidated basis.

Behind the move is growing concern about the international exposure of the banks at a time when several countries, most notably Mexico, are in a precarious financial position. How the banks will respond, however, is so far unclear.

A year ago the major banks reached an agreement to provide the authorities with consolidated figures, but this did not encompass a breakdown of the figures between foreign and

domestic lending, or a breakdown of the foreign loans among different countries, which is what is now being called for.

The banking authorities already have a detailed breakdown of lending, by the German parent companies, but not the banks' foreign banking subsidiaries, such as their Luxembourg operations which are not consolidated.

Bankers say that at the time of the "gentleman's agreement" on consolidated accounts last year, it was proposed that the banking industry would enter into a second round of negotiations at some stage aimed at a further development of the agreement.

Third quarter loss seen at Ford

By Our New York Staff

FORD MOTOR, the U.S. carmaker, will report a third-quarter loss this year, according to Mr Henry Ford II, the company's former chairman and chief executive.

Mr Ford, who ceased to be a company employee last month but remains the company's finance committee chairman, said he would "find it very difficult to think we could possibly be in the black."

Ford incurred a loss of \$302m in the first quarter of this year and showed profits of \$204.5m in the second quarter. The third quarter is traditionally a poor period for U.S. carmakers because of investment in new models which do not begin selling until near the start of the final quarter.

Mr Ford would not reveal exact figures for the third-quarter deficit, but some industry analysts have suggested it could be between \$125m and \$200m.

Louise Kehoe looks at the struggle ahead for a microchip maker Time for Zilog to come of age

BY THE standards of Silicon Valley, seven-year-old Zilog Corporation is middle-aged, but the microprocessor chip manufacturer has retained a youthful personality, according to Mr Franc R. J. de Weeger, its new president.

The enthusiasm often associated with start-up companies in the chip business gave Zilog a vigorous entry into a highly competitive field, but a lack of maturity has led the company to be dominated by engineering goals, with little regard for the realities of the market place.

Now Zilog must grow up and learn what may prove to be hard lessons about profitability.

As a wholly owned affiliate of Exxon Corporation Zilog has been spoon-fed with the kind of financial backing that many new high-technology ventures might envy. Industry estimates suggest that Exxon has pumped hundreds of millions of dollars into Zilog. Such pampering has not strengthened Zilog, however, and some suggest that it has in fact led to some of the company's problems.

Despite early successes in the market place, Zilog has never made a profit. The company is estimated to be losing more than \$1m a month at present on estimated annual sales of around \$60m for this year.

Increasingly, industry watchers are asking how long will Exxon be willing to support such losses. Over the past year, the oil giant has unloaded several of its other hi-tech ventures as part of a "reappraisal." Exxon Enterprises, the venture subsidiary of Exxon, has "focused its energies upon two units—office systems, and Zilog," said an official. Exxon has made its choices among the dozen or so ventures that it originally backed in the field of electronics, the company claims.

Still the "culture gap" between the East Coast oil giant and the West Coast semiconductor industry makes potential Zilog customers and employees sceptical.

Mr de Weeger must rebuild confidence in Zilog's future, a confidence that has been shaken by a string of defections among Zilog's managers, including the departure of Mr Manuel Fernandez, a former president, and two other executives to form a start-up computer company. Since other Zilog managers have also left—the present team includes few who have been with the company for more than a couple of years. "We have not lost many people to competitors," comments Mr de Weeger.

"Most have gone to start new companies. They have preferred to be involved with new ventures and Zilog is no longer in that stage."

"I have no qualms about Exxon's continuing support," Mr de Weeger adds. "When will Zilog turn a profit? As soon as possible—that's difficult to estimate in today's economic environment," he replies, but he admits that it will probably not be before 1984.

Zilog, like all U.S. semiconductor chip makers, faces a recessionary market, but the company has some fundamental problems that must be overcome before there will be black ink on the bottom line.

"Zilog has always been very strong on the engineering side," says Mr de Weeger, "but there must be a balance between engineering and marketing to make ends meet. Zilog has excellent products—and future product plans, but the company has been late in bringing them to market."

Zilog's first product—a microprocessor chip called the Z80, introduced in 1976—is still among the top selling microprocessors in the world, beating competitive parts sold by Intel, Motorola, Texas Instruments and several Japanese manufacturers. The Z80 is the basis of the Sinclair ZX80 home computer. It also powers video games, and is used in data communications and industrial control applications.

But Zilog sold "second sourcing" rights to several competitors, and now has only about 60 per cent of Z80 sales.

In contrast, Zilog's high performance microprocessor, the Z8000, has failed to gain a major share of the market, despite the fact that experts say it is technically superior to its two major competitors. Zilog has failed to give the Z8000 the support it deserves," says Mr de Weeger. The company was late in bringing out the all important "peripheral" chips that work with a micro-



Mr Franc de Weeger

processor, and software programs to put it through its paces. And while Zilog's first micro has too many vendors, its second has too few—a problem that Mr de Weeger is working on.

In addition to boosting marketing efforts, "to bring marketing into unison with engineering" he is making some organisational changes at Zilog.

The company has two divisions—one making chips and the other building those chips into computer systems. Mr de Weeger says there has been a lack of communication between the two. He aims to put that right. "For example, we have a lot of untapped strength in systems software that could be put to good use in selling components."

Such changes, Zilog's systems engineers fear, may erode their basic resources—software programs developed over hundreds of man-hours — to component customers who may eventually compete with Zilog's own computer systems but Mr de Weeger is determined.

"We must be more responsive to customers' needs for software support," he says.

Despite scepticism from Zilog's engineers, Mr de Weeger plans to make the Z8000 more attractive to personal computer manufacturers by making a standard CP/M "operating system" program available for the microprocessor.

Zilog's engineering purists question the technical merits of that operating system, but Zilog customers want it—and as a marketing man, Mr de Weeger knows that the customer is right.

Zilog is also developing two major new products which will enhance its thin product line. In 1983, Zilog will launch a more powerful version of the Z80—to be called the Z8001. The new microprocessor will provide a much-needed upgrade path for current Z80 users. One of Zilog's worst mistakes was to make its second product incompatible with the first. The Z8001 should finally put that right.

In 1984, Zilog plans to launch its Z80000, a 32-bit microprocessor. That will be Zilog's most advanced micro. It will compete with devices expected from Intel and Motorola. If Zilog has held on to its engineering magic, then the Z80000 could be a winner.

Developing these products has, however, cost Zilog dearly. The company has been spending around 30 per cent of revenues on research and development. That must be cut in a more reasonable 15-20 per cent by increasing revenues, says Mr de Weeger. He also aims to capitalise upon "second sourcing" agreements with other chip manufacturers to broaden Zilog's product base.

Mr de Weeger claims that his bosses at Exxon Enterprises will be content so long "as they feel confident that there is a sense of direction at Zilog."

"Of course, they want profit," he adds. "But that is just a matter of time."

NKr 400m loan facility for Amerada Hess offshoot

BY FAY GJESTER IN OSLO

DEN NORSKE CREDITBANK (DnCB), Norway's largest commercial bank, has arranged a Nkr 400m loan facility on the Norwegian bond market for Amerada Hess Norwegian, the subsidiary in Norway of Amerada Hess, the U.S. oil industry equipment group.

Interest is linked to the Norwegian money market rate—Oslo interbank buffer rate—which currently lies about 1 per cent above the corresponding rate in London (Libor).

DnCB was not prepared to give details about the issue, although

the required advertisements were published yesterday. According to the advertisements, the loan is guaranteed by Amerada Hess, and the other lending banks are an Oslo savings bank and four commercial banks in northern, central and western Norway.

Amerada Hess/Norwegian has small stakes in three Norwegian gas producing fields—Tor, Valhall and Statfjord. The loan is probably needed to finance its share of development and production costs on these fields.

Chapter 11 plea by lead maker

TARACORP, a privately owned lead producer, has filed for protection under Chapter 11 of the U.S. Bankruptcy Act.

The company, an integrated secondary lead producer and manufacturer of fabricated lead products, said the action was taken primarily to solve long-term debt problems.

Normal business operations have not been interrupted by the filing, the company added.

Mr Louis Taratou, chairman of Taracorp, said the company's long-term debts should be restructured under Chapter 11. All suppliers and customers have been informed of the filing.

Reuter

Hydro-Quebec shelves projects

By Our Montreal Correspondent

HYDRO-QUEBEC, the hydroelectric utility, has decided, because of recession and much slower growth in electricity demand, to call off the start of construction on all major projects for the next five or six years and will concentrate solely on marketing its surplus.

This means Phase II of the James Bay project in the northwest of Canada will not begin before 1988 and possibly not until after 1990, the utility said in an annual capital spending survey.

Total capital spending in the 10 years to 1992 is estimated at C\$33bn against C\$55bn estimated in late-1980.

Dollar Eurobonds ease

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIXED RATE dollar Eurobonds shed a further 1/2 point yesterday as investors continued to worry about the strength of the U.S. currency and the likely direction of short-term interest rates.

With the dollar still very high against continental European currencies, investors in Europe are reluctant to buy into the market. Short-term interest rates moved higher again yesterday in reaction to last week's disappointing increase in U.S. money supply.

Six-month Eurodeposits were quoted at 12 1/2 per cent yesterday, a gain of 1/2 per cent.

No new dollar issues were launched yesterday. The market is still digesting an overhang

of paper from the heavy flow of new bonds launched in September.

On the Continent, Deutsche Mark foreign bonds shed around 1/2 point, while Swiss franc issues were little changed. The new DM 80m, 8 1/2 per cent issue for Bass, the British brewers, was trading at a discount of around 1/2 according to Dresdner Bank, lead managers. Dealers said the coupon still appears a little fine.

In Switzerland, Nippon Chemical Condenser, is raising SwFr 30m through a convertible private placement with an indicated coupon of 6 1/2 per cent. The placement is led by Swiss Bank Corporation.

Kodak unveils video unit for disc pictures

By Our New York Staff

KODAK, the U.S. photographic group, yesterday displayed for the first time a video unit which would enable owners of the company's new disc camera to view their photographs on the television screen.

Mr Walter Fallon, Kodak's chairman, unveiled the prototype unit at an exhibition in Cologne, West Germany. He also revealed that the company expected to sell more than 8m of the disc cameras world-wide by the end of the year.

Mr Fallon said that based on orders to date the disc camera, which was launched amid a fanfare earlier this year, "is the most popular consumer camera ever introduced by Kodak."

Shipments of disc cameras, which use a film mounted on a cardboard disc instead of on a reel, would be double the total number of Kodak 110 cameras shipped in 1972, when they were introduced.

Since Kodak announced the concept of the instant disc camera in 1963, the company has sold more than 150m cartridge-loading cameras.

Disc cameras were first shipped to dealers in May this year and can use 98 per cent of the film space compared with 70 per cent captured by simple cartridge-loading cameras.

Mr Fallon predicted that disc cameras would become more popular as related technology extended the range of display options available to the user. One of these options, demonstrated yesterday by the company, is a display unit for the transfer of disc images to television screens.

Qualification on Playboy lifted

PRICE WATERHOUSE, the international accountant, has removed its qualification from the financial statements of Playboy Enterprises, the Chicago-based entertainment and publishing group because the company has now sold its British gambling operations.

In Playboy's 10K report for the fiscal year, ended June 30, the firm said its qualification of the company's fiscal 1981 financial statements had been lifted because the previous uncertainty surrounding the British operations had been resolved.

Magistrates in the UK last year challenged the renewal of licences at Playboy's five British casinos. The magistrates later revoked licences at two of the casinos, saying they had been used for unlawful purposes. Playboy subsequently sold its British casinos. AP-DJ

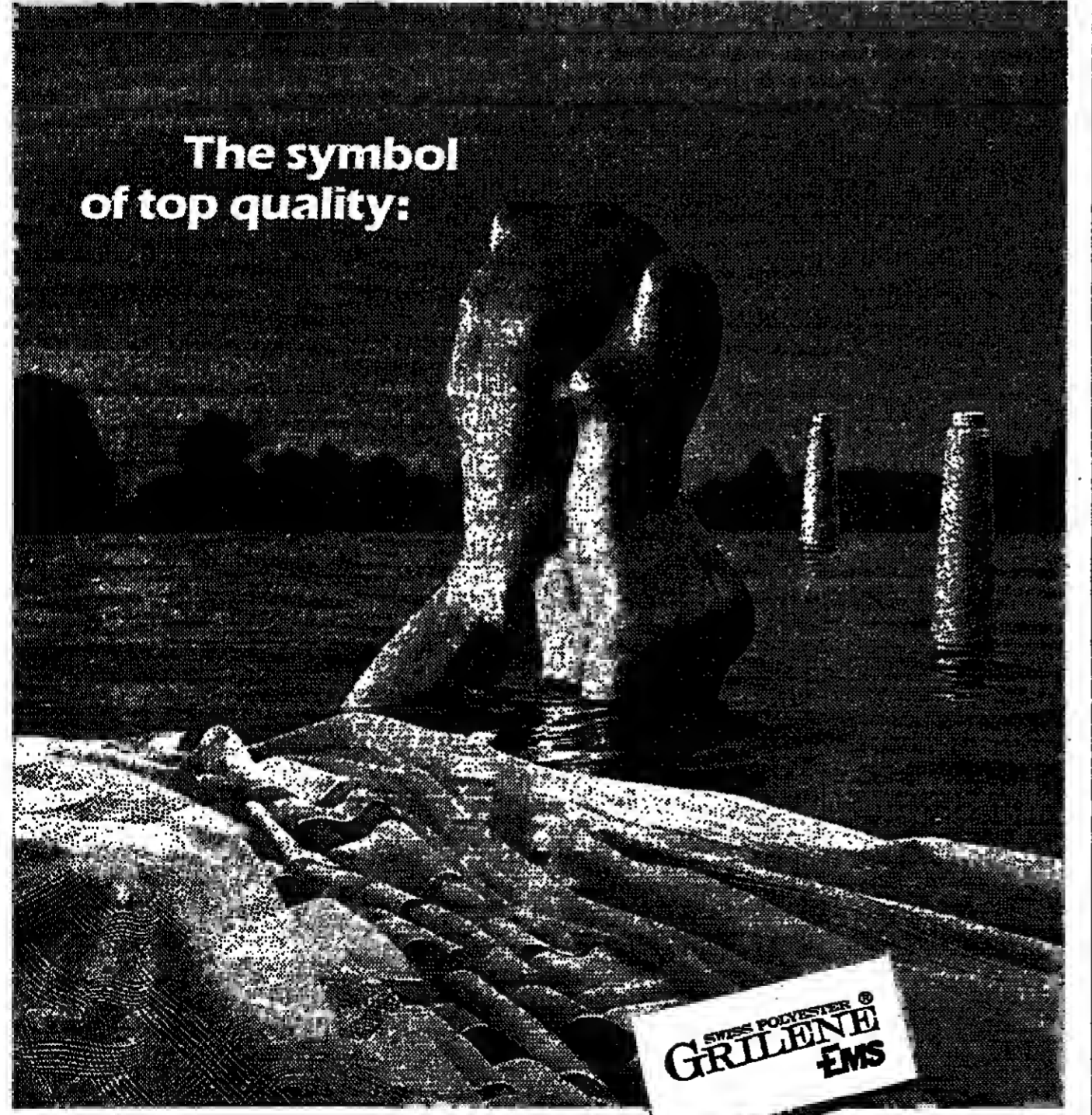
FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday October 13.

Closing prices on October 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Day	Week	Yield
Amax Ltd 15 05/87	150	107 1/2	107 1/2	0	+0.12	12.18
Amex Int. Fin. 10 02/82	75	102 1/2	102 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62
Amex Int. Fin. 10 02/82	100	103 1/2	103 1/2	0	+0.12	12.62

OTHER STRAIGHTS	Issued	Bid	Offer	Day	Week	Yield
Bell Canada 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42
Can. Nat. 15 08/82	100	110 1/2	110 1/2	0	+0.14	14.42



▲120213 Eve Story, sculpture by Hans Jörg Umbach, Hombrechthaus, Switzerland

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Spain's aim

Could this be a few years of... Remembering... What used...

National Exhibition

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Japan's electronics companies aim for lavish growth

BY YOKO SHEBATA IN TOKYO

JAPANESE electronics manufacturers specialising in industrial electronics are reporting booming business through the current recession, in sharp contrast to other listed corporations which have revised their earnings forecasts for the April-September half year steeply downward. On the strength of a bullish business outlook, which envisages doubled sales and tripled profits in three years' time, electronics companies have been setting out lavish capital investment plans.

The outlook is not so good in certain electronics product areas. Domestic appliances are sluggish. Video tape recorders (VTRs), which experienced explosive sales growth during the past few years, have now turned into a mediocre growth area in terms of sales. Audio equipment has been struggling in the current deep recession. The bright spot is industrial electronics products, including information equipment, computers, office automation equipment and semiconductor. For example, thanks to lively demand for semiconductors, helped by technical innovations, production of 64,000-bit random access memories (64K RAMs) cannot meet surging demand.

Semiconductor production with an annual growth rate of 35 per cent in the last five years, is expected to grow at an annual rate of 30 per cent in the next five years, according to the manufacturers. Steady sales of office automation equipment, supported by the desire of companies to cut administrative costs in the face of worsening recession, are also stimulating the industrial electronics industry.

Electronics giants such as Fujitsu and Nippon Electric Company (NEC), whose industrial electronics interests accounts for more than half of total turnover, have revised their original earnings estimates upward.

Fujitsu revised its forecasts for operating profits for the April-September half year up to Y280bn (\$104m), up by 42 per cent from the previous year, compared with its original estimate of Y220bn. Net profits are now expected to reach Y15bn (up by 61 per cent) against its earlier estimate of Y12bn. Besides economies of

scale, the electronics companies are increasingly seen as the major impetus for any business recovery

volume production, the company is benefiting from windfall foreign exchange gains totalling as much as Y10bn for the current half year. At the beginning of the current half year, Fujitsu fixed the exchange rate at Y200 per dollar, which has weakened to around Y270 to the dollar this week.

NEC has benefited less from foreign exchange gains because a higher proportion of its exports is denominated in yen. NEC's operating profits are expected to exceed its initial target of Y180bn to reach Y190bn (up by 10 per cent from the previous fiscal year). However, the company has recently issued bullish long term earnings plans, which foresee a threefold growth in operating profits in three years' time.

Hitachi envisages a 10 per cent increase in operating profits in the half year to Y74bn. It places an emphasis on sales of electronics products which represent 28 per cent of the total turnover. Hitachi, though renowned for its conservative business policy, has recently boasted that it will double its sales and triple its operating profits by 1985. Hitachi's industrial electronics sales are expected to jump by three times to Y1,800bn in the five-year period ending in 1985.

Toshiba plans to quadruple

its sales of industrial electronics to Y1,000bn in the five year period up to 1985.

In view of the sharp upturn in demand for industrial electronics products, the big manufacturers are moving to step up their capital outlay for capacity expansion. NEC has decided to lift capital spending for the current full fiscal year (ending March 1983) by Y5bn to a total of Y130bn (Y99.7bn in the previous year). Of this, industrial electronics will account for Y74bn. The company plans to boost its production of 64K RAMs to 2.5m a month from the current level of 1.2m.

Fujitsu plans to lift capital outlays by more than Y10bn to an annual total of Y86bn, in which semiconductors would account for Y40bn. Toshiba is adding a further Y5.5bn to its original capital investment plan of Y85bn for expanding its semiconductor manufacturing capacity.

The electronics companies are increasingly seen in Japan as the major impetus for any business recovery, replacing the motor and steel industries which had played the major role in past economic upswings. To extend capacity in the highly capital-intensive electronics industry, major manufacturers are expected to turn increasingly to equity markets in order to raise funds.

Threat to gambling in Malaysia

BY WONG SULONG IN KUALA LUMPUR



Brans Redevic

A RESOLUTION adopted in the middle of September by the influential youth division of Malaysia's ruling United Malays National Organisation (UMNO), for a ban on gambling is causing unease among the country's business community.

It reflects how the growth of Islamic fundamentalism is beginning to impinge on the nation's basically capitalist-orientated economy. Share prices of Genting Berhad, the casino group, and Magnum, the lottery organisation, fell sharply in active trading when the news broke out, but have since recovered some ground after it became clear that the ban would not be immediate.

Dr Mahathir Mohamed, the Prime Minister, accepted the resolution in principle, but urged the party to leave it to the Government to decide on the matter in practice. For a start, he said, the Government would take steps to bar Muslims from gambling, while a study would be made on the implications of the demand.

Dr Mahathir himself had said last year that he considered the Genting casino "one casino too many." The implications are serious and far-reaching. The Government would be one of the first to be hit. Last year, the authorities collected more than 820m ringgit (US\$140m), or 2 per cent of government revenue

from taxes on legalised gambling (lotteries, casino and races). More than 20,000 people, a good percentage of them Malays, are employed in the "gaming industries."

For Genting and Magnum, two leading counters on the Kuala Lumpur and Singapore stock exchanges, the ban on gambling could be disastrous. Both companies derived most of their revenue and dynamism from gaming. Genting is controlled by the Lim family, while Magnum is part of the multi-purpose Holdings group, the investment arm of the Malaysian Chinese Association, a partner in the Government. Genting and Magnum are

capitalised at 217m and 111m ringgit, respectively, and in 1981, made pre-tax profits of 98m and 30m ringgit.

Anyone going up to Genting Highlands 30 miles from Kuala Lumpur, cannot but be impressed by the sprawling development. Fifteen years ago, it was just jungle. It was due to Lim Goh Tong and his casino licence that Genting Highlands was transformed into what is today one of Malaysia's prime locations. The Genting group owns more than 13,000 acres in the Highlands and plans to develop three townships with more than 50,000 residents. The idea of Genting High-

lands as a place for living is beginning to take roots as shown by the strong demand for home units built by the group. But for the present, the momentum of development is being sustained by the casino.

Genting Highlands would not die if the casino licence was taken away. But it would probably mean that development plans for the area were knocked back 20 years.

Both Genting and Magnum are conscious of their vulnerability and are actively diversifying their base into plantations and property as well as business overseas.

In the past three years, through the acquisition of estates from the Kadoorie and Ko families, Genting now holds 56,000 acres of plantations.

Earlier this year, through a consortium, it won a licence from the Australian state of Queensland to operate a casino and hotel resort at Townsville. Magnum's diversification has been less impressive or successful. It now owns a rubber plantation, and through Pheon of the UK, is involved in the manufacture of electronic and communications equipment.

It also owns a large tourist resort, Mimaland, outside Kuala Lumpur.

The business community fears that once gambling was banned, the next victim of Islamic fundamentalism would be the brewery and liquor business.

Three foreign-owned breweries—Malayan Breweries of Singapore, Guinness of the UK and Carlsberg of Denmark—operate very profitably in Malaysia. Their combined turnover last year exceeded 600m ringgit.

In addition, many companies, such as Sime Darby, Boustead Holdings and Timuran, are agents for European and Australian brandy, whisky and wines; annual sales run into several hundred million ringgit.

In the past, Islamic endowment financial institutions have avoided any involvement in the gambling and liquor businesses. For example, Permodalan Nasional, the Government investment agency, declines to hold shares in Genting or Magnum.

Last June, when Boustead Holdings bought over the Barlow Boustead Estate Agency, the Pilgrims Food Board, one of the BBEA partners, opted for shares in Boustead's plantation subsidiary, Malakoff, rather than Boustead shares. This was because Boustead has a subsidiary dealing with liquor distribution.

If a ban is imposed on gambling it would mean that Malaysia authorities are no longer satisfied with mere passive avoidance, and are actively intervening to restructure business which they consider to be contrary to the Koran.

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14-15 October 1982

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For further information:
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Exhibitors please contact: Eric Gosden at IFF*

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Companies and Markets **INTL: APPOINTMENTS**

President for American Hoechst

Mr Dieter zur Loye has become president and chief executive officer of AMERICAN HOECHST CORPORATION. He succeeds Mr John G. Brookhuis who becomes vice-chairman. Dr Hubert E. Huckel and Mr David Markowicz were named senior executive vice-presidents of the firm. Dr Huckel will also serve as deputy to the CEO. Mr zur Loye has been senior executive vice-president and chief operating officer since January 1980. He joined American Hoechst in 1975 as group vice-president and chief financial officer. Prior to that, he had held a series of executive positions in Hoechst AG since joining in 1955. American Hoechst is a subsidiary of Hoechst AG of West Germany.

Mr E. Murray Gullatt has been named chairman of SOUTHPORT EXPLORATION TULSA. He was previously president of the company and will continue as chief executive officer. Mr Ben C. Groenewold has been appointed president and chief operating officer. He previously served as senior vice-president, exploration. Prior to joining Southport in May, Mr Groenewold was executive vice-president of Weeks Petroleum Limited. Previous experience was with Natomas and Amerada-Hess. Southport, oil and gas exploration company, is a wholly-owned subsidiary of Vulcan Materials Company.

Mr James Todd, director of Lazard Brothers and Co, has been appointed director and general vice-president of KOREA MERCHANT BANKING CORPORATION. Korea Merchant Banking Corporation is a joint venture between five Korean companies and five commercial Korean banks owning 50 per cent of the equity, and Barclays Bank International and Lazard's each holding a 25 per cent interest. Mr Todd has relinquished his executive position at Lazard Brothers and Co, of which he remains a director, during his secondment in Seoul.

Mr Rholan E. Larson, managing partner, Larson, Allen, Welshair and Co (Milwaukee) and Mr Bernard Z. Lee, managing partner, Seidman and Seidman (Houston) have been elected chairman and vice-chairman respectively of the 187,000 member AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA).

PERKINS-GOODWIN COMPANY, New York, has appointed Mr Anthony DeLuca as executive vice-president and chief operating officer. He was with Andrews/Nelson/Whitehead, as general manager. Mr Homer Fogart and Mr William Tailour have been appointed senior vice-presidents responsible for paper sales and international activities.

Mr D. C. Ashenden of the NATIONAL MUTUAL LIFE

ASSOCIATION OF AUSTRALASIA has been appointed manager for New Zealand from January 1. He will be succeeded as manager for the UK and Republic of Ireland by Mr R. F. H. Sterckx, currently assistant manager.

Mr Stephen L. Joseph, Mr Lee H. Kimmell and Mr John J. Veatch Jr have been made managing directors of SALOMON BROTHERS INCORPORATED. Mr Allan H. Fine and Mr James I. Massey have joined the policy-making executive committee.

Mr Donald P. Brennan has joined MORGAN STANLEY of New York to head a newly formed group which will offer specialised investment banking services to the forest products industry on a world-wide basis. Before joining Morgan Stanley, Mr Brennan spent 18 years with the International Paper Company, where he was a vice-chairman of the board and a member of the management committee.

CROCKER NATIONAL CORPORATION, LA, has named Mr David A. Brooks vice-chairman of the corporation and its major subsidiary, Crocker Bank. Mr Roger M. Kirkpatrick was named an executive vice-president. In major restructuring last month, Mr Brooks assumed responsibility for the bank's new personal banking division, the real estate industries division, the services management division and other units serving individual customers. Mr Kirkpatrick is head of Crocker's new business banking division.

The FIRST NATIONAL BANK CORPORATION has elected Mr Martin A. Allen a director. He was also elected a director of the corporation's principal subsidiary, the First National Bank of Boston. He is chairman of the board of Computervision, a high technology company which he co-founded.

WOODSIDE PETROLEUM, Melbourne, has decided to reorganise its two Perth-based operating subsidiaries for the north west shelf project to amalgamate the offshore and onshore operator functions into a single company which will retain the existing name of Woodside Offshore Petroleum Pty (WOP). Woodside LNG Pty (WING) which is responsible for the construction and operation of the onshore gas treatment plant at Withnell Bay will become a subsidiary of WOP. Mr P. P. Tapper has been appointed general manager of WOP the integrated operating company. He will be succeeded from the Shell Group to take up his duties in Perth during November. He is currently engineering director of Shell Exploration and Production, London, a subsidiary of Shell, UK. Mr R. P. Harrison who has been general manager of WOP in its role as offshore operator, will become technical manager

and deputy general manager. Mr A. J. W. Floam who is general manager of WING and who left the Shell Group on reaching retirement age last year to become a Woodside staff member, will remain with WOP for the completion of Douglas engineering, and as manager LNG planning responsible for all LNG matters until other arrangements have been made sometime in 1983.

Mr William R. Bonnell has joined EUROPEAN AMERICAN BANK, New York, as senior vice-president-human resources. He is responsible for the bank's compensation, benefits, staff training and executive development programmes. He was director-organisation and personnel for ITT's Hartford Insurance Group.

Mr J. R. Peers, an assistant director of Baring Brothers & Co, London, has been appointed a director on his appointment as adviser to PERTANIAN BARING SANWA BERHAD in Kuala Lumpur. Mr R. W. D. Orders has been appointed managing corporate finance in BARING BROTHERS ASIA'S Singapore office.

Mr Malcolm E. Summers has been appointed head of treasury and executive vice-president at MIDLAND BANK'S New York branch, to be opened later this year. He was previously chief manager, exchange at Lloyds Bank International in London and before that vice-president in charge of foreign exchange at Lloyds and BOLSA International in New York.

HONEYWELL INC. of Minneapolis has elected Dr James J. Renier vice-chairman. He was also elected president of information systems. Mr Stephen G. Jerritta, president of information systems since 1980, will become senior vice-president. Mr William R. Smart, a senior vice-president in information systems, will become an assistant to Renier.

Dr Hans Widmer is to succeed Mr Fred J. Meyer as managing director and manager of WANDER AG, the Bern-based subsidiary of Sandoz AG. Mr Meyer is leaving the Sandoz group and moving to the U.S. Dr Widmer will remain in charge of technology and group strategy at Sandoz headquarters. Dr Armin Kessler has resigned, as of October 31, as head of Sandoz Pharmaceutical marketing, to be succeeded by Dr Hans-Peter Staz, management president of Sandoz SA, Sao Paulo.

Mr Jean-Nicolas Ludwig, general manager of Ford Portugal, has succeeded Mr Dieter Ullsperger as chairman and managing director of FORD MOTOR COMPANY (Switzerland), Zurich. Mr Ullsperger is leaving Ford to join Klockner-Humboldt-Deutz in Germany.

Mr Klaus J. Jacobs, Mr

Thomas Baer, Dr Paul Eisenring and Dr Nikolaus Sean have been appointed to the board of INTERFOOD SA, Lausanne, as representatives of Jacobs AG, Zurich, following the merger of the chocolate and coffee groups. Mr Philippe Bidy succeeds his father Mr Pierre Bidy on the Interfood board. Mr Walter J. Jacobs becomes honorary chairman of Interfood. Resigning board members are Mr Bernard Leveque, Mr Rene Begle, Mr Serge Benard, Mr Jean Bes, Mr Raymond Delachaux and Mr Max Thomann.

Texaco Inc. has formed a new operating division, TEXACO MIDDLE EAST/FAR EAST. Mr Elton G. Yates, vice-president of Texaco Inc, has been appointed president of the new division and two other senior executives have been appointed. They are: Mr Early L. Johnson—senior vice-president; and Mr Paul E. Baker Jr—vice-president. The division's headquarters will be in New York. Mr Amnon M. Card, an executive vice-president of Texaco Inc, has been appointed president of TEXACO EUROPE. He succeeds Mr John D. Ambler, who was recently appointed chairman and chief executive officer of TEXACO LTD in the UK.

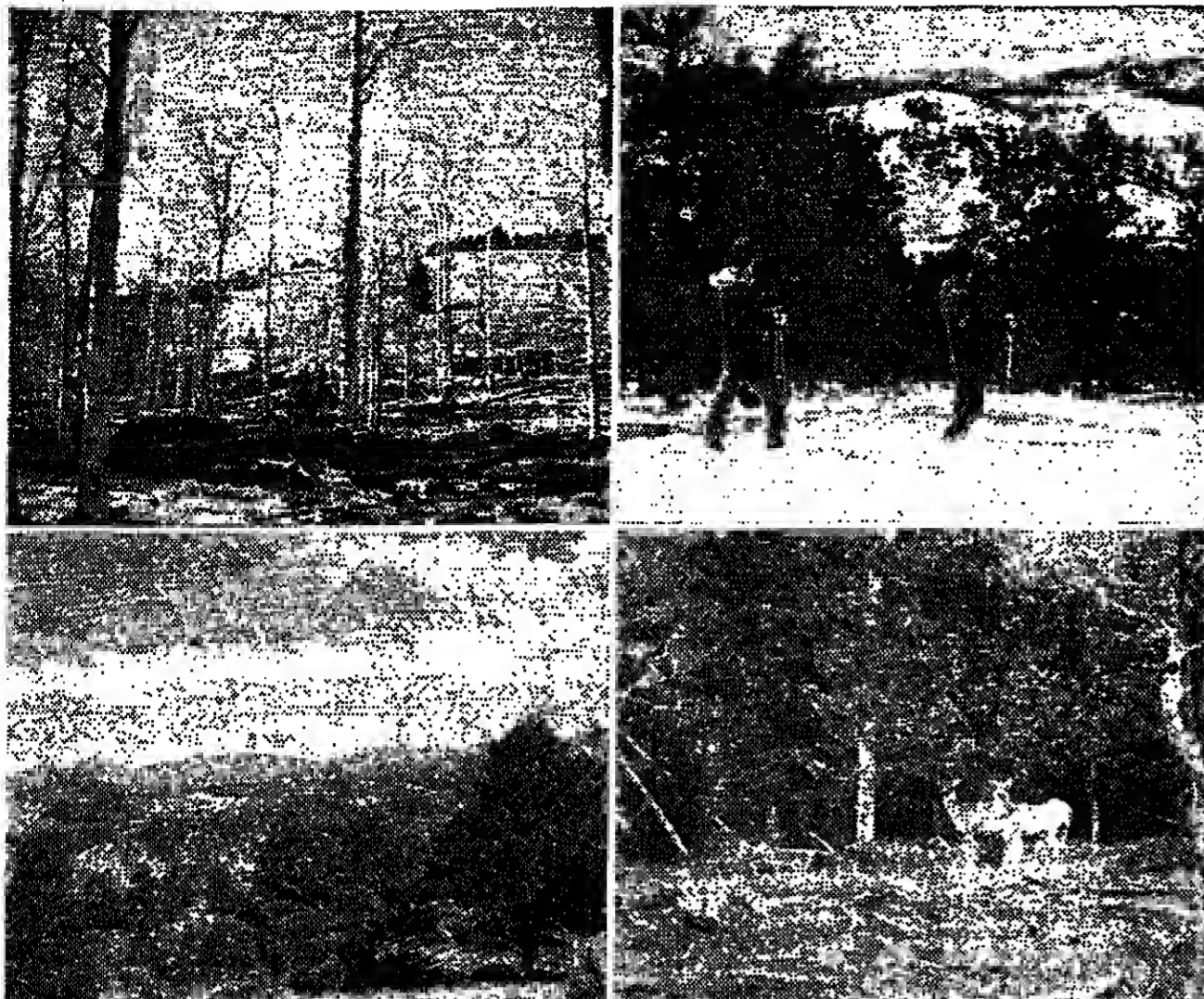
Dr Francois L'Epatteler, Mr Anton Schaeffli and Dr Werner Schmassmann are to be appointed managers of CIBA-GEIGY, Basle, from January, 1 1983.

Mr Michael T. Martin has been appointed director of employee activities for WARNER COMMUNICATIONS INC.

INLAND STEEL COMPANY has elected Mr Henry C. Goodrich a director. He is chairman and chief executive officer of Sonat Inc, a \$3bn energy, services and resources concern headquartered in Birmingham, Alabama.

Dr Bernd Chorenagl has become executive vice-president and chief operating officer of HYATT INTERNATIONAL CORPORATION, Chicago. He is currently senior vice-president of Hyatt International (with responsibility for the company's operations and development in Europe, Africa and the Middle East), and general manager of the Hyatt Carlton Tower Hotel in London, positions he has held since January of this year. Prior to this he was area vice-president, with responsibility for the company's operations in south-east Asia and general manager of the Hyatt Regency Singapore.

Mr Larry F. Burdge, project manager for EG and G of Massachusetts' planned New England Energy Park, has been named president of EG AND G SYMPHONY, the company's subsidiary responsible for the project, of which he was previously, vice-president.



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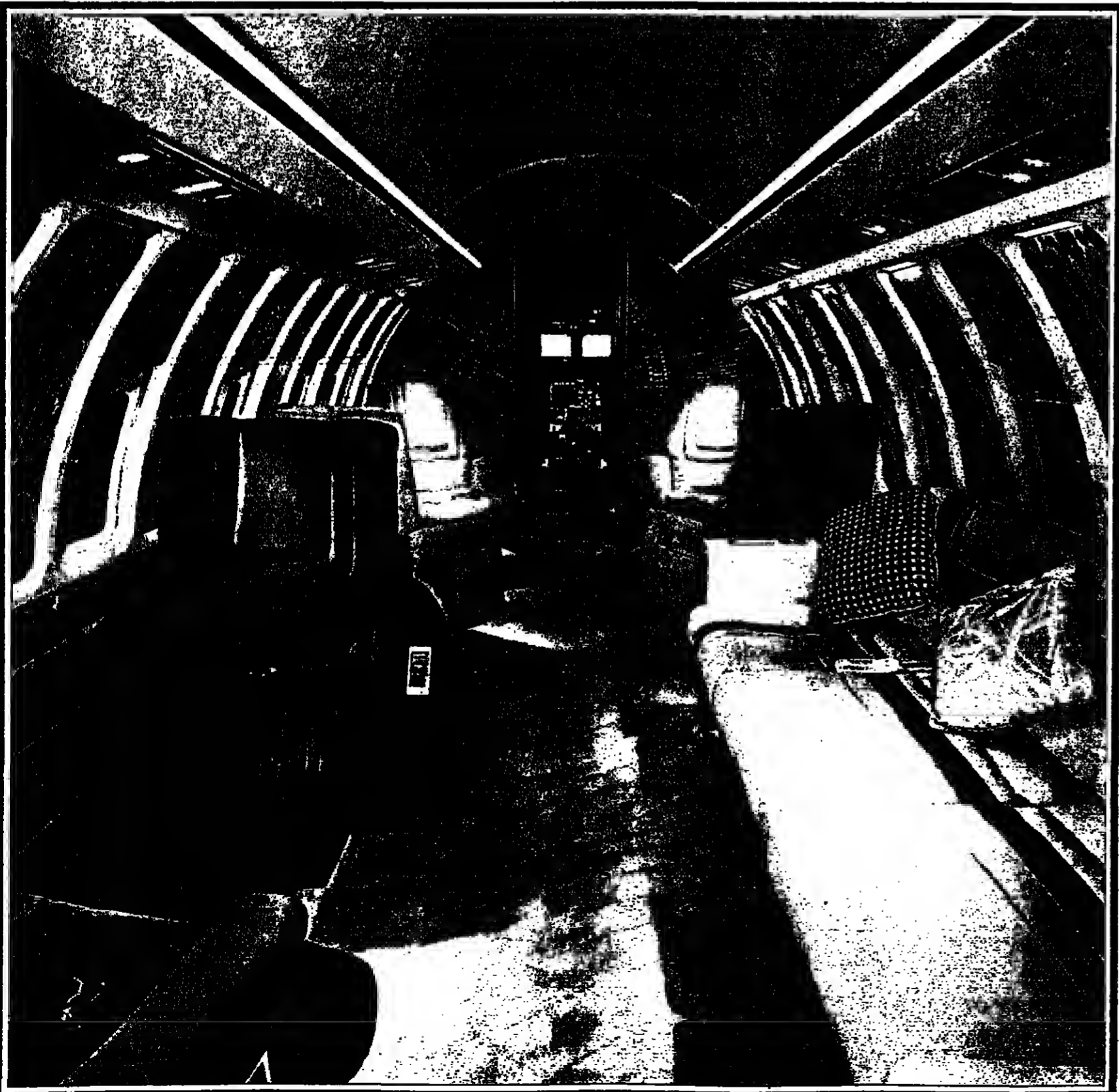
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RSV back in the black for first half

By Walter Blits in Amsterdam

RSV, the Dutch shipbuilding and resources group, has made a strong return to profit in the first seven months of this year. Excluding results from its highly successful Brazilian subsidiary, it recorded earnings of F15.2m (\$21.9m) compared with losses of F1.53m a year before. Including the Brazilian results, net profit reached F1.65m.

At the same time, RSV confirmed that it has reached an "understanding" with a group of U.S. investors for the sale of its majority holdings in five U.S. coal mines. The price is expected to be around F130m.

IRI OUT OF RED NEXT YEAR, SAYS MINISTER

Italy sees end to state sector losses

BY JAMES BUXTON IN ROME

ITALY'S three debt-ridden state holding companies, IRI, ENI and EFIM, produced slightly reduced net losses in the first half of 1982.

The figures were announced yesterday by Sig Giamalà de Micheli, the Socialist Minister of State Shareholdings. He used them to support his contention that after 24 years as Minister he had turned round the state industrial sector.

He expected IRI (Istituto per le Ricostruzioni Industriali) the industrial conglomerate, to make a profit in 1983 for the first time for 10 years and for the whole state sector to produce a net profit in 1984 and 1985.

In 1981, it lost a record L2,134bn. In the first half of this year, IRI had a net loss of L1,140bn. ENI (Ente Nazionale Idrocarburi), the state energy company, lost L2,907bn and the much smaller EFIM, which is mainly involved in aluminium, lost L2,311bn.

Though EFIM's half-year losses increased compared with the same period of 1981, those of IRI and ENI fell. The total loss of the three companies over the six-month period was L7,111bn, compared with L2,192bn in the first half of 1981.

Sig de Micheli said that the total losses for the three companies for the full year would be L4,289bn, compared with L5,216bn in 1981. ENI would lose L1,443bn, and EFIM L3,800bn.

vious figure of about L400bn for its losses last year, it is now deemed to have lost L1,756bn, taking into account factors like stock depreciation and L500bn for the losses of the SIR and Liquichimica chemical concerns which it had to take under its wing in 1981. On this basis, ENI is expecting a reduced loss in 1982.

The losses of IRI were in large part because of the bad financial performance of its steel subsidiary Finisider. The recent worsening of the steel situation, which is to result in 12,000 layoffs in the next three months, explains the deterioration in the forecast for this year.

ENI's losses were attributed to its chemical operations and the need last year to purchase large quantities of oil at very high prices which could not be sustained on the Italian market. EFIM had been hit by the collapse of demand for aluminium.

Micheli expected IRI to make a profit of L545bn, ENI to lose L384bn and EFIM to lose L212bn, making an overall loss of the state sector of only L51bn. By 1985 he envisaged IRI making no less than L1,800bn within an overall state sector profit of L2,222bn.

The Minister based these predictions on the expected success of restructuring and refinancing programmes already well under way, as well as recovery in the steel industry. Thanks in part to a refinancing package for Finisider which the EEC had yet to approve, the steel sub-holding company should no longer be a burden on IRI and other companies, currently operating around the break-even mark or making losses dwarfed by those of steel.

ENI should benefit from the restructuring of the chemical industry through Enoxy, a joint venture with Occidental of the U.S. and through the shutdown of other chemical capacity.

Alitalia warns of lower profit

BY RUPERT CORNWELL IN ROME

ALITALIA, the Italian state airline, yesterday announced a 27 per cent rise in first half operating revenues, coupled with a near doubling of its capital to L210bn (\$150m).

In the value of the dollar. This has pushed up costs, as well as the burden of debts denominated in the U.S. currency. Faced with these difficulties, Alitalia seems in no hurry to take its long awaited decision to replace its ageing fleet of DC-8s. It indicated yesterday that a final choice was unlikely for some while, despite the heavy courting of the airline by manufacturers.

The main contenders are the 757 of Boeing and the stretched DC-9 80 version of the McDonnell-Douglas aircraft already in service with Alitalia. A more remote possibility is the A-320 version, yet to be given the definitive go-ahead, of the European Airbus.

Norwegian insurer in U.S. deal

By Fay Gjester in Oslo

IN A move which will almost double its turnover in the U.S., Norway's Storebrand-Norden insurance group has bought Swissland General, the U.S. subsidiary of the Swiss insurance concern Schweizerische Allgemeine.

Hoogovens set to receive F1.3bn in Dutch aid

BY OUR AMSTERDAM CORRESPONDENT

HOOGOEVENS, the Dutch steel group recently separated from its involvement with Hoersch of West Germany, is now understood to be considering an offer of nearly F1.3bn (\$465m) in aid from the Dutch Government.

It approved by Brussels, will be placed in a contingency reserve fund. A number of other European steel concerns have similarly asked the Commission to endorse various programmes of state aid, and a decision on Hoogovens is expected soon.

Oce third quarter shows that recovery continues

BY OUR FINANCIAL STAFF

PROFITS continue to recover at Oce van der Grinten. For the third quarter of 1982 the Dutch reprographics group has turned in net earnings of F1 9.8m (\$3.5m), against F1 6m.

operation. Net 1981 losses totalled F1 7.9m and shareholders had their dividend halved to F1 4 a share. Turnover fell 2.6 per cent to F1 389.8m in the third quarter, but for the nine months sales are 2 per cent ahead at F1 1,220m.

Norsk Hydro a.s. U.S. \$100,000,000 12 3/4 per cent. Bonds 1992 Issue Price 100 per cent. Includes logos and subscription details.

United Technologies Corporation has sold the central-office switching business of its Stromberg-Carlson Division. The Plessey Company plc. Includes logos and financial advisor information.

Multibank Financial Corp. U.S. \$20,000,000 EURODOLLAR CREDIT FACILITY. Lists various international banks and dates.

Nokia sales move ahead. BY LANCE KEYWORTH IN HELSINKI. NOKIA CORPORATION, the largest private sector industrial group in Finland, increased its sales in the May-August period.

Atlantic Richfield Company. \$300,000,000 12 1/2% Debentures Due 2012. Includes logos and list of financial institutions.

Chevron Capital N.V. Luxembourg Francs 250,000,000 13 1/4 per cent. Private Placement 1982/1988. Guaranteed unconditionally by Standard Oil Company of California. Includes logos and list of banks.

INTERNATIONAL COMPANIES AND FINANCE

CURRENCY TRADING BOOSTS PROFITS

Swiss banks continue to expand

BY JOHN WICKS IN ZURICH

PROFITS of Switzerland's 564 banks and financial companies rose substantially for the second year running in 1981, according to a report issued by the Swiss National Bank.

The growth stemmed largely from a considerable increase in earnings from foreign money-market paper and from commissions. Gross profits went up by 15.2 per cent following a 17.3 per cent rise in 1980.

Net earnings showed an increase of 8.4 per cent to some SwFr 2.61 bn (\$1.18bn). Of this total, as much as SwFr 1.04bn—almost 40 per cent—was accounted for by the "big five" banks: Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse, Swiss Volksbank, and Bank Leu.

The combined balance-sheet total of the Swiss banking system rose by 14.4 per cent to SwFr 559.9bn. This growth was, however, due partly to the banks' inclusion for the first time of gold trading accounts. Without these the rate of increase would have been 9.3 per cent. Of the balance-sheet total, SwFr 282.2bn represented the five major banks; the country's 29 cantonal banks accounted for SwFr 111bn.

Net capital transactions of the banks and finance companies went up from SwFr 2.35bn in 1980 to over SwFr 3.01bn last year. After the addition of SwFr 2.22bn for net capital exports by non-banks and the deduction of SwFr 146m in monetary reserves, the

surplus on current account was SwFr 5.09bn. This represents a turnaround of more than SwFr 6bn, since in 1980, there had been a current-account deficit of SwFr 905m.

The volume of foreign assets in the combined balance-sheet total increased last year from SwFr 182.5bn to SwFr 203.9bn and that of foreign liabilities from SwFr 141.9bn to SwFr 172.7bn. Excluding inter-bank business, foreign deposits dropped sharply from SwFr 11.8bn to SwFr 3.8bn, however, and loans to foreign clients tailed off to SwFr 3.6bn, against SwFr 11.3bn in 1980.

USSEC, the American securities investment fund managed by Credit Suisse, is to increase its dividend by some 45 per

cent to SwFr 27.50 for the year ended August, 1982. This is the highest pay-out per certificate by the fund since 1971-72 and it has been made possible by a sharp rise in earnings resulting from a shift in the fund's portfolio towards high-yield securities.

USSEC plunged heavily into straight-bond investment last year with a consequent rise in the fund's overall bond position from 7.4 to 18.4 per cent of the total portfolio. Within equity holdings, the share of oil-company stock was reduced from 29.5 to 18.4 per cent.

The fund's total assets eased from SwFr 44m to SwFr 37.4m, a decline of 15 per cent which takes the fund back to the asset value levels of 1979-80.

Daihatsu in SA venture with Alfa

By Bernard Simon in Johannesburg

ALFA ROMEO'S South African subsidiary has signed a licensing agreement to assemble Daihatsu passenger cars at its plant at Brits, west of Pretoria.

Production of the Daihatsu "Charade" is scheduled to begin in September 1983. The launch entails an investment of around R20m (\$17.2m) and will create 1,000 jobs.

Dr Vito Bianco, managing director of Alfa Romeo South Africa, said the agreement would maximise Alfa Romeo's local production capacity. The company currently has less than 3 per cent of the South African car market. Its dealer network will distribute the new model.

Banks meet to decide fate of Harvester Australia

BY LACHLAN DRUMMOND IN SYDNEY

A MEETING today of the 36 creditor banks of International Harvester Australia will have a crucial bearing on the future of the truck and farm machinery group, which was placed in receivership last Friday.

The attitude of the bank creditors will determine whether IHA and its International Harvester Credit Corporation affiliate will receive the roughly A\$20m (US\$19m) needed to remain viable in the immediate future as well as the likely course of the receivership.

IHA needs A\$10m to fund its immediate working capital requirements, and will also need renewed support and

possibly equity injections from its bankers if it is to continue either as a local manufacturer or as an importer and distributor of goods from its troubled U.S. parent.

The credit affiliate, which is not in receivership, seeks A\$8.2m to help pay A\$20m of debenture interest and principal now due. Receivably, and liquidation will face the company if it cannot provide the funds by Monday. Australian local commercial banks and domestic and foreign-affiliated merchant banks are owed roughly A\$300m (US\$285m) in equal parts by the two Harvester companies.

The credit subsidiary could possibly return between 80 cents and the full amount on the dollar on liquidation, whereas the manufacturing side would yield only about 25 cents in the dollar to creditors on a break-up. It is valued at A\$225m as a going concern.

Representatives of the Government in the state of Victoria, where Harvester's plants are located, were meeting with the receivers and company executives last night to see whether anything could be done to help save the jobs now under threat.

Harvester's truck, farm and construction machinery manufacturing operations, however, must be considered to be under threat, given the U.S. parent company's desire to rationalise manufacturing in North America and Europe. Already the Australian off-

shoot has shifted to imports for an increasing share of its farm equipment and truck needs and has trimmed its workforce by around one-fifth to 3,500 as part of its attempt to reduce costs.

The cost-cutting programme aimed at a recovery for Harvester in the current year—an ambition torpedoed by drought, poor grain prices, the dwindling of the resources boom and tough competition in the truck market.

In the year to October 31, 1981, Harvester ran up a loss of A\$15.2m on sales of A\$313m, of which trucks made up A\$180m and farm equipment A\$65m.

It has strong positions in both markets, but there are 28 competitors in the truck sector and 42 rival suppliers in the farm tractor market, both of which have turned sharply down.

As well as the local commercial and merchant banks, foreign groups such as Barclays Australia, Lloyds, Grindlays, and Swiss Bank Corporation, are believed to be involved for amounts varying from A\$5m to A\$50m. The large number of banks involved, and the varying levels of commitment are sure to provoke dissent at the meeting—particularly from those with unused credit lines extended to Harvester. Yet the prospect of losses of between A\$10m to A\$15m on loans to Harvester may provide the spirit of co-operation the company requires.

Disappointing six months performance by HLH

BY OUR JOHANNESBURG CORRESPONDENT

HUNT LEUCHARS HIEFBURN (HLH) which is one of South Africa's largest timber products and building supplies groups, suffered, inadequate performance by all its divisions in the half-year ending August 31, says Mr Chris Perry, the chairman. In March, it acquired 84 per cent of the building products supplier, Blaikie-Johnstone, the results of which fell well short of expectations.

HLH's own half-year turnover, from its timber, steel and building supplies operations, rose by 8.5 per cent to R189.9m (\$163m) from R175.1m in the corresponding period of 1981. Excluding Blaikie, HLH's operating profit before interest and tax rose by 11.2 per cent to R18.2m. For the year ending February 1982 turnover was R253.9m and operating profit R34.5m.

Blaikie's turnover for the six months was R49.2m, against an estimated R45.1m for the corresponding period of 1981 and R65.2m for the six months ended February 1982.

First-half operating profit was R4m against a corresponding year-ago figure of F4.5m, and an eight-months figure of R6m. Blaikie has changed its financial year-end from June 30 to February 28 to correspond with that of HLH.

Mr Perry says the decline in the South African economy was greater than expected. He is dissatisfied with the half-year's performance, and says that management did not react fast enough to changing conditions in the building sector. It is, however, management's aim to maintain the current year's contributable after-tax earnings at the level of R17.4m, as achieved in the year ended February 1982. First-half attributable earnings were R8m.

It is also management's intention to maintain the dividend. An unchanged interim dividend of 16 cents has been declared though first-half earnings per share fell to 56.4 cents from 63.3 cents. For the year to February 1982 earnings totalled 194.5 cents a share and total dividend of 50 cents was paid.

Divestment move by Filipino bank

By Leo Gonzaga in Manila

INTERNATIONAL Corporation Bank (Interbank), the target of a partial bid by Lloyds Bank International of the UK, has offered for sale to the state-owned National Development Company (NDC) its holdings in 11 entities formerly belonging to the Manila-based bank.

Those placed on the auction block were Acme Mining Company, Asia Industries, Energy Corporation, Multinatural Resources Corporation, Refractories Corporation, San Jose Oil Company, Southeast Petroleum Corporation, Sumatra Coal Corporation, Summa Insurance Corporation, Usiphal and Vulcan Industrial and Mining Corporation.

It is understood that Interbank would be paid with NDC bonds carrying no interest and with a 25-year maturity. However, the sale would reduce to nil the 22 per cent stake held by NDC in Interbank.

Interbank's divestment is seen as a move to attract the British bank as a 40 per cent equity partner. Apart from NDC, the other Interbank shareholder is the Government's Development Bank of the Philippines (DBP).

DBP has been authorised by the Central Bank to engage in limited commercial banking operations. This means that apart from providing development financing, DBP can now accept peso deposits, foreign currency savings, and time deposits.

According to the Central Bank, the state-owned DBP can engage in international banking, too, as soon as its charter has been amended to this effect.

Sharp fall in Singapore store earnings

By George Lee in Singapore

ROBINSON, the large Singapore department store operator and investment group, has reported a sharp fall in earnings for the year ended June 1982.

The group suffered an operating loss of S\$315,000 (U.S.\$144,000) against a profit of S\$3.04m in the previous year. Thanks to a 38 per cent rise in investment income to almost S\$4.5m, however, group pre-tax profit went down by only 35 per cent to almost S\$2m.

After tax profits declined 40 per cent to S\$2.7m, including an extraordinary gain of S\$2.8m, profit after taxation and extraordinary items amounted to S\$5.5m, a 25 per cent improvement over the previous year.

Turnover was down 2 per cent to S\$69.7m. The group has proposed a final gross dividend of 6 cents.

Reflecting the same downward trend in retail earnings, C. K. Tang, another large department store operator, has also reported a sharp fall in profits for the half-year ended June 1982.

Trading profit fell 57.6 per cent to S\$1.07m while investment income and interest plunged 65.5 per cent to S\$7.500. As a result, group pre-tax profit fell by 68 per cent to S\$1.15m.

C. K. Tang said that profits have been affected by both higher operating costs and additional expenses incurred prior to the relocation of its department store to new premises, which were opened in June this year. The group expects little change in performance in the second half-year.

Solel Boneh ahead of inflation

BY L. DANIEL IN TEL AVIV

SOLEL BONEH, the construction subsidiary of the Israel Labour Federation, lifted net profits by seven per cent in real terms in the first half of 1982 to Shl 498m (just over \$20m at the end June exchange rate) from Shl 468m in the 12 months to June. Failure to keep up with inflation was caused by a rise of 12.4 per cent in financing expenses.

250-pilot industrial network known as Koor, recorded an increase of only 70 per cent in net profit to Shl 436m in the half year, compared with inflation of 110 per cent in the 12 months to June. Failure to keep up with inflation was caused by a rise of 12.4 per cent in financing expenses.

This announcement appears as a matter of record only.

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BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK AKTIENGESELLSCHAFT

MANUFACTURERS HANOVER TRUST COMPANY

BANKERS TRUST INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND

ALGEMENE BANK NEDERLAND N.V.

CREDIT SUISSE

BANQUE NATIONALE DE PARIS

THE INDUSTRIAL BANK OF JAPAN LIMITED

THE MITSUBISHI BANK, LIMITED

THE SUMITOMO BANK, LIMITED

THE TOKAI BANK, LTD.

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CITIBANK, N.A.

Agent

September 14, 1982

Money growth fears allayed and market recovery gathers momentum throughout quieter session

Account Dealing Dates
First Declared Last Account Dealings Dates
Sept 20 Sept 30 Oct 1 Oct 11 Oct 14 Oct 15 Oct 23 Oct 18 Oct 28 Oct 29 Nov 5

index regained 0.29 of the previous day's fall of 0.78 to close at 79.97.
Equities pursued a broadly similar trading pattern. Relief over Wall Street's good rally from early weakness on Monday encouraged dealers to open up trading shares at around overnight list levels.

before rallying to close a net 6 better at 306p. Mambro Life improved 4 to 289p awaiting 40p's interim statement.
A nervous market of late on concern about property-related loan problems in Hong Kong. Lloyds Bank picked up 5 to 388p. Other major clearers also improved, with Barclays rising the same amount to 370p and NatWest securing a gain of 6 to 416p.

lower to record a two-day fall of 38 at 94p. Grattan, interim statement due on Friday, held steady at 106p, but Kimpex, which is expected to announce an interim deficit next week, firmed 5 to 84p amid hopes of a favourable outcome of the Monopolies Commission's investigation into the offer from Great Universal.
Cornell, dealings in which resumed on Monday after a lengthy disappointing interim figures helped Cape Industries to rally 6 to 72p, while Cope Allman hardened a penny to 45p on trading news. Hong Kong issues responded to a Far Eastern rally. Jardine Matheson recovered 18 to 138p and Wheelock Marden "A" regained 5 to 38p.

London Pavillon came on offer and in a thin market, dropped 50 to 250p. Elsewhere in the Leisure sector, dealings in Leisuretime were suspended at 79p pending publication of re-organisation particulars.
Interest in Motor Components centred on Dunlop, which closed unaltered at 49p after having improved to 50p following the suspension of dealings in Dunlop SA on the 8th. The share was rumoured of a possible takeover for the French subsidiary; the rumours were later denied by the British parent which requested the resumption of dealings. Other Motor Components took up a firmer stance. Among Distributors, Frank G. Gates firmed 2 to 69p in response to the increased three-half pence.

Prices lifted Bats 17 to 584p. Imperial rose 3 to 106p in sympathy, while revived speculative demand saw Rothmans International advance 7 to 119p.
Golds steady
A steadier performance by the bullion price—up 4s at \$391.5 an ounce—enabled South African Golds to consolidate around their overnight levels.
Activity in the sharemarket was at a low level and prices generally held steady to a shade firmer mainly reflecting the continued absence of any selling pressure.
The outstanding performance in the heavyweights came from Western Deep which advanced 1 to 220p.
South African Financials mirrored Golds. UC Investments attracted persistent support and moved up 30 to 670p, while Gencor recovered 20 to 960p and De Beers 8 to 397p.
The Bermuda-domiciled Minorca eased a penny to 40p following the full-year results and maintained dividend.
The marginal recovery in the bullion price prompted a rally in Gold Fields which closed a net 7 firmer at 425p, after 415p. Ashtan Mining were unchanged at 61p on news that the Ashton diamond venture participants have signed agreements regarding the development, mining and management of the Argyle and Ellendale diamond projects.
Generally subdued for most of the session, business in Treasury Options picked up towards the close and total contracts amounted to 1,738 comprising 1,248 calls and 490 puts. Land Securities, usually ignored option-wise, attracted strong support with 223 calls done, 173 of which were done in the October 280s. The relative strength of the underlying share price prompted useful gains in Lasso positions; the November 250 calls rose 15 to 60p, while the November 330 calls closed 9 up at 25p.

FINANCIAL TIMES STOCK INDICES
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GARDENS TODAY

Stop believing these myths

BY ROBIN LANE FOX

LIKE ANY other art, gardening is beset by myths. We all believe some of them: that roses climb, that black spot can be prevented, that peat is a meal in itself. Our beards will smile at our lists of plants, that make-believe world where miniature conifers are said to stay less than 2 ft high, where mauve campanulas are praised for their sky-blue flowers and where a day lily is said to flower from June until September. We believe that new trees will never be taller than the tallest specimen we have seen. We are encouraged to poke holes into our lawn and to kill off harmless worms. We are also urged to use slow-acting fertilisers, though I still suspect that slow action is a polite term for old-fashioned and almost useless. I am not sure what good all that bone-meal has done to my slow-growing borders.

The most powerful myths are those which come ready-made with our first gardens. I have no more idea of their origin than I have of ground elder's or bindweed's. By a peculiar strength, they creep into our heads and it takes years to be rid of them. I still feel wicked when I water plants heavily in full sunshine. I was taught that this habit brought the young roots to the surface and encouraged such beastly things as leaf-scorch. But so long as you water heavily, there is no danger in it. I feel mangy when I plant a shrub in late May or June. Again, there is no harm in this since the intention of black polythene, just as credit cards have abolished good old money, so black containers have changed the rules about planting and allow you to move your new plants at any season.

From the garden's labyrinth of false wisdom, I have space here for only three blind alleys. Beginners seem to follow them, as if they were truths beyond all argument. Shrubs have to be pruned. Cuttings are taken only by experts. Bulbs can be grown indoors only in bulb fibre. None of these myths is true.

I imagine you have just bought your 7 lb pack of bulb fibre, complete with genuine oyster-grit. You have added too much water to it, squeezed it, drained out the surplus and found that the blackness has stuck under your fingernails. Nevertheless, you believe that your specially prepared hyacinths will appreciate its special goodness when you tuck them away below stairs until mid-November. Fibre handles well when it is not too wet, and I find that hyacinths are more top-heavy when grown in it and they make no show if planted afterwards in flower beds outdoors. A potting compost mixed with wet silver sand stops their stems from straggling and builds up the bulb's strength for the future.

Anyone can dig up some garden loam and mix it with sand and a balanced fertiliser. Nobody can make fibre unless they buy it. Fibre suits the bulk bulb merchants, as the bulbs are almost useless after one year's life in it, so you have to order more next year. If you know that deep down, you still dislike earth, try gravel instead. You can grow those two lovely narcissi called Graigford and Geranium in bowls of nothing but cheap old gravel, up to half an inch in diameter.

A dislike of earth often goes with a terror of taking cuttings. It is no use giving me that, they all say, when I offer them a piece of penstemon or a border pink. They imagine that they need mist and the art of a Chelsea exhibitor, that cuttings have to be checked hourly and that they root only if you obey Moscow rules. If gardeners only knew how easily most plants will root from their own shoots, nurseries would probably go out of business. Of course there are exceptions and every one has their blind spots: I have seldom rooted a lilac. But every year, I find odd plants which are easier than I dared to hope.

The expert will score a near-total success from a box of cuttings, but the rest of us will be happy with the usual mugs' average, 50 per cent or less. If everyvoting rooted infallibly, where would we ever put all those dahlias, violas, carnations and chintzes? However, anyone who buys more than one plant of any variety of fuchsia is wasting one of nature's free gifts. Fuchsias will root without fail, even in a toothbrush of water.

Instead of taking cuttings, the myth-bound gardener keeps his shears for pruning. By late May, thoughts of the bedditon plants are in the air. It will soon be time to drive the estate car down to the garden centre and pay 50p over the odds for a box of ten tobacco

plants which could have been raised at home for 10p. While the yearly excursion approaches, what, meanwhile, should be done about the shrubs? The fuchsias is over, but the weather is warmer and there is time to trim the berberis and bring that buddleia back to the height we all expected when we bought it three years ago.

Dead wood is one thing, an obvious eyesore which is best cleared before it lets in rot or leaves. Living wood is quite another matter. I am firmly of the view that far more harm is done by pruning in Britain than by leaving every shrub completely alone.

The urge to prune derives from a deadlier urge, the urge to plant too closely or to go only for quick results. We all do it nowadays, but by jamming the lilac too close to the flowering current we only save ourselves two lean years and cause no end of cutting and pruning thereafter, to the good of neither neighbour. If most shrubs are spaced correctly, they will grow very well without any cuts into their living wood. I make an exception for their first two years when a shortening of their growth by a third or more helps to build an open and elegant shape. Afterwards, hard pruning takes out more flower than it encourages, especially as beginners do it at the wrong season on many plants and wipe out a year's buds altogether.

If half as much effort went into planning and obeying the more catalogues, gardeners could take up seed sowing instead and learn that here, too, plants are only waiting for us to discover that easy secret.

made her debut behind Miss Thames at Yarmouth in Jockeys which was admirable, failed by a short head to cope with Ultimate Pride at Lingfield recently. Sharp Sea reveals in the mud as she showed on the Surrey course. She looks to be the day's best bet.

YORK
2.00—Ring of Greatness
2.45—Arduous
2.45—Dermdarid
4.15—Sharp Sea***
CHELTENHAM
2.15—Colwyn Bay
2.45—Al Kirwark

6.40-7.05 am Open University (mb only). 7.05 Breakfast with Brisbane. 9.10 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 News After Noont Weather. 12.57 Regional News for England (except London); London and SE only; Financial Report. 1.00 The XII Commonwealth Games. 2.01 For Schools, Colleges. 3.20 Top Gear. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.30 Think of a Number with Johnny Ball. 5.05 Newsround. 5.10 Jockey School (2).

5.40 Evening News; Weatherman. 6.00 Regional news magazines. 6.22 Nationwide. 6.50 The XII Commonwealth Games. 7.30 To The Manor Born, starring Penelope Keith, Peter Bowles. 8.00 Dallas (new series). 8.50 Points of View with Barry Took. 9.00 News; Weatherman. 9.25 Whicker's World - The First Million Miles. 10.10 Sportsnight; football; the 1982 Horse of the Year Show; the XII Commonwealth Games. 11.45 News Headlines; Weatherman. 11.50-12.15 pm Open University.

World. 9.59 Starting Science. 10.16 Seeing and Going. 10.23 Staring Out. 11.05 Good Health. 11.22 Over to You. 11.39 How We Used to Live. 1.20 pm Central News. 1.30 Play It Again. 6.00 Crossroads. 6.25 Central News.

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BBC 1

6.40-7.05 am Open University (mb only). 7.05 Breakfast with Brisbane. 9.10 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 News After Noont Weather. 12.57 Regional News for England (except London); London and SE only; Financial Report. 1.00 The XII Commonwealth Games. 2.01 For Schools, Colleges. 3.20 Top Gear. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.30 Think of a Number with Johnny Ball. 5.05 Newsround. 5.10 Jockey School (2).

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BBC 2

6.40-7.55 am Open University. 6.40 Gharbar. 9.30 Conservative Party Conference 1982. 11.00 Play School. 11.25 Conservative Party Conference. 1.45 pm Chock-a-Block. 2.30 Conservative Party Conference. 5.10 Have a Heart, Use your Head. 5.40 Speak Out: The Bomb. 6.10 One Man's Yacht.

6.33 Collecting now: Care and Repair. 6.55 Schools Prom. 7.40 News. 7.45 De Bone's Thinking. 8.10 Saint Francis of Assisi. 9.00 M.A.S.H. 9.25 Alec Guinness in Smiley's People. 10.25 Out of Court (new series). 10.55-11.55 Newsnight and Conservative Conference Report.

TELEVISION

Tonight's Choice

I suppose for most people the highlight of the night, if not the month, might be the return of Dallas with all the old faces on BBC-1 at 9.25. This is followed by even more oldies with Alan Whicker rescreening interviews with the likes of ex-Paul Getty and others of the super rich.

That there is a world other than Dallas is proved on BBC2, which at 8.10 picks up the 800th anniversary of the birth of St Francis of Assisi. Shot in Italy, it should be pretty if nothing else. Later on the same channel the interesting Out of Court returns for another series.

On the commercial channel, Thames should attract a big immediate audience when Sting is interviewed in The Electric Theatre Show about his appearance in the film Brimstone and Treacle. Later the police series Strangers, which manages to break new ground in an old formula, covers a weekend seminar in which the heroes are introduced to new methods for dealing with urban terrorism.

ANTHONY THORNCROFT

LONDON

12.00 We'll tell you a story. 12.10 pm Rainbow. 12.30 The Electric Theatre Show. 1.00 News. 1.30 Thames News. 1.30 The High Road. 2.00 A Plus. 2.25 Conservative Party Conference. 2.45 Professional Snooker: from the Assembly Rooms, Derby. 4.15 Dances with a Mouse. 4.30 Emu's World. 4.45 The Final Frontier. 5.15 Different Strokes: Conrad Bain in "Junk Food Junkie". 5.45 News. 6.00 Thames News. 7.00 Where There's Life. 7.30 Coronation Street. 8.00 Starburst. 9.00 Strangers. 10.00 News and Thames News Headlines. 10.30 Professional Snooker from the Assembly Rooms, Derby. 12.00 Love Thy Neighbor: Jack Stribanek in "A Night to Remember". 12.25 am Close: "Sit Up and Listen," with Stan Phillips.

† Indicates programmes in black and white.

RACING

BY DOMINIC WIGAN

Durandal—the mount of the lo-form Willie Carson, who came so close to landing the "Arc" on the almost unconsidered Awaast—ran his best race in a long while at Bath towards the end of last month when he came a close sixth in the Lyegrove Handicap.

Royal Diplomat, for whom HeHo Sunshower's handler, Jack Holt, has secured that able 5 lb claim, appeared at the hands of Dawson's. Is another who looks to be returning to his best. At Goodwood nine days ago Royal Diplomat, the conqueror of

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RADIO

(a) Stereo (when broadcast on VHF)

RADIO 1
5.00 am At the Races. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis including 12.30 pm News. 2.00 Steve Wright. 4.20 Mike Smith. 4.45—Dermdarid. 5.15 Malby. 8.00 David Jackson. 10.00 John Peel (5).

RADIO 2
5.00 am Rev. Ross. 7.00 Terry Wogan (5). 8.00 Jimmy Young in Australia (5). 11.00 Terry Wogan (5). 12.30 pm Workers' Playtime. 10.00 Gloria Hunniford (5). 2.00 Ed Stewart (5). 2.45—Dermdarid. 3.30 Music While You Work (5). 4.00 David Hamilton (5). 4.30—Ed Stewart (5). 5.00—Ed Stewart (5). 5.30—Ed Stewart (5). 6.00—Ed Stewart (5). 6.30—Ed Stewart (5). 7.00—Ed Stewart (5). 7.30—Ed Stewart (5). 8.00—Ed Stewart (5). 8.30—Ed Stewart (5). 9.00—Ed Stewart (5). 9.30—Ed Stewart (5). 10.00—Ed Stewart (5). 10.30—Ed Stewart (5). 11.00—Ed Stewart (5). 11.30—Ed Stewart (5). 12.00—Ed Stewart (5). 12.30—Ed Stewart (5). 1.00—Ed Stewart (5). 1.30—Ed Stewart (5). 2.00—Ed Stewart (5). 2.30—Ed Stewart (5). 3.00—Ed Stewart (5). 3.30—Ed Stewart (5). 4.00—Ed Stewart (5). 4.30—Ed Stewart (5). 5.00—Ed Stewart (5). 5.30—Ed Stewart (5). 6.00—Ed Stewart (5). 6.30—Ed Stewart (5). 7.00—Ed Stewart (5). 7.30—Ed Stewart (5). 8.00—Ed Stewart (5). 8.30—Ed Stewart (5). 9.00—Ed Stewart (5). 9.30—Ed Stewart (5). 10.00—Ed Stewart (5). 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INSURANCES

Table of insurance companies and their products, including ASSEY Life Assurance Co. Ltd., Axa Life Assurance Co. Ltd., and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing various insurance and managed funds, such as 4-5 King William St. Ltd., Standard Life Assurance Co., and others.

Table of overseas managed funds and other financial products, including Sun Life of Canada, Swiss Life, and various international funds.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas financial services and funds, including Axa Life Assurance Co. Ltd. and others.

NOTES section at the bottom right of the page, providing additional information and disclaimers.

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FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

LOANS—Continued

BANKS & H.P.—Cont.

CHEMICALS, PLASTICS—Cont.

ELECTRICALS—Continued.

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

BRITISH FUNDS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Building Societies

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

DRAPERY AND STORES

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

HOTELS AND CATERERS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

FOREIGN BONDS & RAILS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Hire Purchase, etc.

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

INDUSTRIALS (Misc.)

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

AMERICANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Over Fifteen Years

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Undated

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Index-Linked & Variable Rate

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

CORPORATION LOANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

ELECTRICALS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

CANADIANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

LOANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

CHEMICALS, PLASTICS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

Capital Transfer Tax

is here to stay.

Now is the time to do some planning.

C.T.T. has been with us for more than eight years, and is completely different from Estate Duty. Revenue approved schemes are available for capital investment which allow you to:

- ★ Reduce C.T.T. immediately and eliminate it on future profits.
- ★ Retain the income for life (including the survivor of you) with a tax-free benefit.
- ★ Invest the capital at your discretion in Gilts, Equities, Property, etc.
- ★ Keep control over the beneficiaries and have the capital back if circumstances change.

The new 10 year rule (1981 Finance Act) makes these schemes even more attractive.

Similar schemes are available on an annual transfer basis. Age is no bar to either of these arrangements.

As Brokers, we are specialists in this field and are free to select the best scheme for your particular situation.

Please write for our prospectus to the address below:

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To: J. C. T. DALTON, Director
 THOMSON'S EQUITY AND LIFE BROKERS LTD.
 1 Wilton Road, London SW1V 1LL. Telephone: 01-828 9297

Name _____
 Address _____
 Age _____ (Self) _____ (Wife)

PT 01082 Not applicable to life

AMERICANS

High	Low	Stock	Price	%	Ytd	1981
100	99	100	100	0	100	100
100	99	100	100	0	100	100
100	99	100	100	0	100	100

AMERICANS

High	Low	Stock	Price	%	Ytd	1981
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100	99	100	100	0	100	100
100	99	100	100	0	100	100

AMERICANS

High	Low	Stock	Price	%	Ytd	1981
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100	99	100	100	0	100	100
100	99	100	100	0	100	100

AMERICANS

High	Low	Stock	Price	%	Ytd	1981
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100	99	100	100	0	100	100
100	99	100	100	0	100	100

